

The
New Agrarianism

Charles W. Dahlinger



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The New Agrarianism

A Survey of the Prevalent Spirit of Social
Unrest, and a Consideration of the Conse-
quent Campaign for the Adjustment
of Agriculture with Industry
and Commerce

By

Charles W. Dahlinger



G. P. Putnam's Sons
New York and London
The Knickerbocker Press

1913

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The Knickerbocker Press, New York

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PREFACE

WHEN a litigant takes an appeal to a higher court, he is required to have printed in a book the record of the suit in the lower court, for use at the argument in the appellate court. The first requisite of the book is that it contain a brief statement, couched in the most general terms, of the questions involved, which in some States must not exceed half a page, on pain of having the appeal quashed.

The present book is also an appeal, and the preface is a statement of the questions involved, which, like the statement of the questions involved in the appeals prepared by the lawyers in the courts of justice, has been made both brief and general, in order that the argument of the book may be given consideration by those to whom the appeal is taken.

The appeal is from the widely expressed verdict which confuses evils apparent in the conduct of political, economic, and sociological matters into fundamental errors in the structure of government and in the operation of those public and private institu-

tions which control the industry and commerce of the country. The argument is an elaboration of the contention that the complaints of public and private shortcomings, while attributable in part to many causes, are yet primarily the result of the unequal progress being made between agriculture, and industry and commerce, with a discussion of measures for bringing agriculture to a parity with them, and an account of what has been accomplished in this direction in other countries.

The appeal is taken to that class of thinkers who comprise the supreme tribunal of the people, which has the final decision of every great question which agitates the public mind, and which, uninfluenced by stress and storm, has the wisdom to distinguish the gold from the dross, with a true desire for the correction of existing evils, and the ability and determination to devise means for meeting the exigencies of modern life as they arise, without that impetuosity which attempts to cut loose from all traditions, and to supersede existing systems by plunging the country into a sea of doubtful experiment.

C. W. D.

PITTSBURGH, PENNSYLVANIA,
May, 1913.

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CHAPTER I

A TIME OF IDEALISM

MANY books, and innumerable magazine and newspaper articles, have been written about the movement toward an idealistic goal which has been going on among the peoples of the earth during the last fifteen years. No nation, no country, has been left untouched. A large section of the public press pronounces it the "Great Unrest." It has been largely an altruistic movement; and to such persons as are more philosophic than the writers who are responsible for the effusions appearing in the radical press, it is nothing more than the idealism which accompanies the transition that is always taking place in national life. Pronounced as it is,

it is yet barely keeping pace with the tremendous progress being made in government, in industry, and in commerce, the abuses in which have stimulated its growth. D. H. Macgregor, the English economist, strikes the keynote of the movement when he declares that "many changes now go by the name of social reform which are little more than the removal of the most obvious abuses"¹ that surround society.

In world politics, altruism has been a restless force. In the distant Transvaal the heroic Boer farmers, overwhelmed by numbers, went down in defeat, but from the ruins of a sluggish civilization there has arisen, under English dominance, a new nation, comprising the four Boer countries of South Africa, under the premiership of a hero of the Transvaal disaster. By a master-stroke of statesmanship, the United States acquired on the Isthmus of Panama the only territory practicable for a canal to connect the Atlantic Ocean with the Pacific Ocean, and the canal is now nearing completion. In many far countries democracy

¹ *The Evolution of Industry*, D. H. Macgregor, New York, pp. 74-75.

broke the leash which bound her to some throne. In Turkey the "Young Turks" forced the abdication of the Sultan, and, with a new sultan on the throne, they obtained a parliamentary government. Russia bowed to the spirit of the age, and granted its subjects the right to assemble in parliament. A new light dawned on Portugal, and it became a republic, as did also the long benighted Chinese Empire. Persia received a parliamentary government. The enfranchisement of women has made rapid progress, and the women have received a more or less equal suffrage with the men in nine of the States of the United States and in the English colony of New Zealand, in the six Australian states, and in Norway, Sweden, Denmark, Finland, and in the new republic of Portugal.¹

Religion and medicine were affected no less than politics. France disestablished her

¹ "The World Movement for Woman Suffrage," Ida Husted Harper, *The American Review of Reviews*, New York, December, 1911, pp. 725-729; "Woman Suffrage," Gwendolen Overton, *The North American Review*, New York, August, 1911, pp. 271-281; "The Expansion of Equality," *The Independent*, New York, November 14, 1912, pp. 1143-1145.

Church. Spain, ever the most intolerant nation in Europe, conceded freedom of public worship. In the United States a movement for the union of all Christian religions was inaugurated by the last General Convention of the Protestant Episcopal Church. Medicine has greatly reduced the death rate. Infectious diseases were brought under magnificent control. Tuberculosis and typhoid fever were rendered harmless by being prevented, and yellow fever was practically exterminated.

Inventions that benefit mankind received a renewed impetus. The air was all but conquered; the law of gravitation was set at naught. "Darius Green and his flying machine" of our childhood days has ceased to be a poetic fiction. The perfection of gasoline engines has enabled men to go sailing through the air in aeroplanes. In dirigible balloons, experts have made voyages covering over a thousand miles of distance. Sending telegraphic messages through the air without the aid of wires has become a commercial success. The horseless carriage was perfected, and the building of automobiles became an industry of such

magnitude that in the United States alone, in 1912, three hundred and seventy-five thousand machines were built for pleasure and commercial use.¹

It has been a period of great ethical development, and the world-wide forward movement has had a more far-reaching effect in the United States than in any other country. While the nation was young, while the soil was of virgin richness, while land was to be had in the West for the taking, every public or private act, unless flagrantly bad, went without criticism. Now that a string of cities extends from the Atlantic Ocean to the Pacific Ocean, that the cattle ranches have been cut up into farms, that colleges and schools dot every hill and valley, that public libraries exist in every city and town and almost in every village, men take a hypercritical view of moral conditions. Passable roads reach every farmstead, the Rural Free Delivery Post brings the mail to every farmhouse, newspapers reach every home, and satisfactory worldly circumstances allow men leisure to appreciate the higher aims in

¹ *Automobile Trade Journal*, Philadelphia, December, 1912, pp. 71, 96.

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life. A spirit of chivalry has taken possession of them, and they are waging a war the object of which is the elimination of all public and private abuses.

The high moral altitude which these men have attained is not, however, solely the result of work done in recent years. It is the fruit of a process of evolution, inaugurated by master-minds, which has been going on for more than half a century. It was the idealists of the Civil War time who commenced the present campaign against civic wrongs. Harriet Beecher Stowe, William Lloyd Garrison, Wendell Phillips, John Greenleaf Whittier, and Gerrit Smith, in striving for the overthrow of human slavery, began the movement in the United States for righteousness in public and private affairs.

When the Civil War closed, the political party in power, with the glamour of a successful war as its inheritance, appeared immaculate in the eyes of the country. The party's leaders were honest and patriotic, but they were partisans first. To them party triumph meant all. It meant the preservation of the Union, the prosperity of the country, the welfare of the people. Therefore the party

must be perpetuated. With the wise and conciliatory Lincoln in his grave, the party enacted extremely harsh laws for the reconstruction of the governments of the States lately in revolt. The consequence was that the men who had just emerged from slavery, led by unprincipled adventurers from the North, gained the political ascendancy. Soon corruption ran riot in half a dozen States, continuing until the men lately in rebellion against the national government, aided to some extent by the changing opinion in the North, again wrested the political control from the negroes. But the political corruption which had almost pauperized the South, and perhaps as a direct consequence of the influences by which it had been brought into life there, under the spur of party loyalty, also gained more than a foothold in the North. As the politicians realized that they could not hope to retain their grip on the Southern States, they turned their attention to strengthening their political organizations in their own States. Men were selected for office solely because of the votes they could command; honesty or efficiency was not a necessary prerequisite for

election or appointment to office. Favors at the expense of the government were granted freely if the recipients were in a position to render assistance to the party in power. Offices were multiplied needlessly; extravagance in the management of public affairs became an evil of great magnitude. Scandals in politics were a stench in the nostrils of every self-respecting citizen. A number of Congressmen and a Vice-President were openly charged with accepting stock in the Credit Mobilier, a corporation organized to finance the Central Pacific Railroad and the Union Pacific Railroad, both then in course of construction, the stock being given for the purpose of influencing the official acts of the accused men. A combination of distillers and Federal officials was discovered to have defrauded the national government out of large sums due for internal revenue taxes. A Secretary of War was accused of having accepted bribes in dispensing the patronage of his department. Laws were enacted for a price paid. Men high in official place were charged with awarding public contracts to concerns in which they were financially interested. Congressmen

were said to be profiting by selling information obtained by them in the course of their public duties. It was common to see Senators and Representatives accept retainers for appearing in the interest of private clients, both before the bodies of which they were members and before the executive departments of the government, although, since 1864, this had been a criminal offense, punishable with fine and imprisonment. This deplorable condition extended into State, county, and municipal governments. Here, too, the officers were changed with every incoming administration; here, too, the only requisite for obtaining office was the power to influence voters.

While this history was being made in the political world of America, a new class of thinkers had come upon the stage. Men of courage were everywhere arising and protesting against the evils that were besetting the national government. A vigorous minority was opposed to continuing forever indifferent to governmental abuses. They realized that the first step in the direction of purifying politics would be to secure a better class of men for the public positions,

and that to do this it would be necessary to enact laws which would guarantee to the government employees a permanent tenure of office, contingent on efficiency and good behavior. Their efforts bore fruit as early as 1869, during General Grant's first term as President, when a law was enacted authorizing the President to prescribe such rules for the admission of persons into the civil service as would promote its efficiency, and giving him authority to employ suitable persons to institute an investigation of the subject. The law failed of producing the results anticipated by its originators, for the reason that President Grant, and the politicians surrounding him, had not yet been converted to the new doctrine of efficiency in public life. But the reformers continued their efforts; they were not to be terrified by the cries of "undemocratic" and "un-American" uttered by the opponents of a more permanent tenure of office, who were interested in obtaining office, and whose only qualification was the desire for place.

In 1877, the efforts of these high-minded men began to bear fruit. In that year Carl Schurz, who was among the earliest of the

idealists in American politics, became Secretary of the Interior in President Hayes's Cabinet; and he declined to permit removals in his department except for cause. To Mr. Schurz belongs the credit also of inducing President Hayes to forbid the officers of the government from taking part in the management of political organizations, caucuses, conventions, and election campaigns, their activity in which had done much to debase the public service. Mr. Schurz was likewise responsible for the order prohibiting assessments for political purposes on officers and subordinates, and for the introduction of competitive examinations for appointment to office in the New York Custom House and the New York Post Office.

A strong sentiment was growing up in favor of civil service reform, and when Chester A. Arthur was President, on January 6, 1883, a comprehensive civil service law was enacted which provided for a board of three commissioners to aid the President in preparing rules for the government of the civil service. The law was laughed into statute books. Delegate Flannagan of Texas, in the Republican National Convention of 1880, which

nominated James A. Garfield for President and Mr. Arthur for Vice-President, in opposing the resolution adopted by the convention, advocating civil service reform, had blurted out: "What are we here for, if not to get the offices?" The remark became the shibboleth of the civil service reformers in the election campaign of 1882, and the ridicule which it occasioned was largely instrumental in changing the Republican majority in the House of Representatives into a Democratic majority in the next Congress. It was after this that the Republican Congress, then still in power, reluctantly carried out the platform of its party, and enacted the civil service law. From that time forward the civil service has continually improved. Where there had been doubt as to the merits of the system, confidence in its value soon appeared. The classes of offices to which the civil service rules applied were constantly extended, and with the thirty-six thousand fourth-class post offices added, on October 15, 1912, by President Taft, the rules now apply to more than half the Federal offices, for the salaries of which there is paid out considerably over two thirds of

the entire amount disbursed annually by the United States Government for salaries. A better class of men fill the governmental positions, the permanency of their tenure having increased their efficiency and enabled them to do their work better and more expeditiously. This statement is amply proven by the reports of the Civil Service Commission. In their annual report for 1911 the Commissioners say:

“One striking effect of the merit system has been an increase in the amount of work performed with a relatively smaller number of employees. Thus while there has been a growth in public business and in its complexity during the year, there has been a decrease in the number of appointments.”¹

The civil service reform movement also served to direct public attention to another abuse in the government service. For many years it had been a common occurrence for government employees to farm out the duties of the office to which they had been appointed, paying the substitute a meager compensation for the work done, the differ-

¹ *Twenty-eighth Annual Report of the United States Civil Service Commission*, Washington, 1912, p. 19.

ence between the sum so paid and the salary constituting the profit of the holder of the office. The higher officials knew of and connived at the custom. It seems to have flourished for a longer period among the employees of Congress than among the employees of the other departments of the government. In 1895, however, Congress enacted a law forbidding the practice among the employees of the House and Senate, and it was discontinued.

The national government has moved to a higher plane in other respects. The iniquities wrought by the Louisiana Lottery, the Havana Lottery, and the hundred other lesser lottery schemes for gaining the money of the credulous, are not yet forgotten. The degrading traffic in lottery tickets, whereby the poor lost hundreds of thousands of dollars annually, has been stopped, by excluding from the mails all matter connected with lotteries. Prosecutions were instituted against faithless Senators and Representatives in Congress who had besmirched their high offices by accepting bribes, or by advocating, for pay, claims against the government, before its departments. In 1903,

Edward H. Driggs, a Representative in Congress from New York, was charged with accepting remuneration for having aided in procuring a government contract, but escaped punishment on a technicality.¹ The next year Senator Dietrich of Kansas was indicted for accepting a bribe for procuring for one of his constituents the office of postmaster, but failed of conviction on the ground that he had not yet assumed office.² Later in the year, however, two Senators were tried and convicted, both for accepting fees for advocating private claims before departments of the government, Senator Joseph R. Burton of Kansas for appearing before the Post Office Department, and Senator John H. Mitchell of Oregon before the Commissioner of the Land Office. Senator Burton, after vainly appealing his case twice to the Supreme Court of the United States, paid the penalty of his crime by serving nine months in a Missouri jail and paying a fine of twenty-five hundred dollars.³

¹ United States vs. Driggs, 125 Federal Reporter, 520.

² United States vs. Dietrich, 126 Federal Reporter, 676.

³ United States vs. Burton, 131 Federal Reporter, 552.
This case rose on the defendant's demurrer to the indict-

Senator Mitchell was sentenced to six months imprisonment and to pay a fine of one thousand dollars, but took an appeal to the United States Supreme Court, and died before the appeal was decided.

Reform in municipal affairs has also been of overshadowing interest in recent years. The proportion of the population in the cities of over 25,000 inhabitants, as compared with the population in the country, has been constantly rising. In 1880 it was 17.2 per cent.; in 1890, 22.2 per cent.; in 1900, 26 per cent., and in 1910, 31.1 per cent., or almost one third of the entire population. The increase has been so rapid, and is composed of such diverse elements, that it has remained largely an undigested mass, causing a condition to arise much like that prevailing in the South immediately after the Civil War, when the negroes were given the franchise, and bands of unscrupulous politicians, bent on their own aggrandize-

ment, the demurrer being overruled. The decision was, however, reversed by the Supreme Court in *United States vs. Burton*, 196 U. S., 310. The conviction afterward obtained was sustained in *United States vs. Burton*, 202 U. S., 344.

ment, assumed leadership over the forces of ignorance and indifference. The banner of revolt has been raised against this leadership in municipal affairs, and there is a large and growing class all over the United States believing in, and bent on having, municipal governments administered at least as well as is the average successful business.

Wastefulness and inefficiency are not, however, the greatest evils against which this new revolution is being directed. For years these revolutionists have been working for an ideal. Their entrance into the fight for improved municipal government has been usually brought about by some condition which had become intolerable. A common cause of corruption in the smaller cities was where the executive, or some official under him, for a consideration, permitted gambling, prostitution, and illegal liquor-selling. This particular form of corruption was not, however, confined to the small cities, some of the very largest being also honeycombed with the atrocious vice. The most recent example occurred in the city of New York, where certain of the police officials were said to have been collecting from this source an-

nually the enormous sum of two million four hundred thousand dollars, and where a gambler who, because he had turned informer was brutally murdered, the murder, it was alleged, being instigated by no less a person than a police lieutenant in active service. The most deplorable feature of the entire shameless business is the fact that the accusation was true. The police lieutenant was tried for the murder, found guilty, and sentenced to death, the four men whom he was charged with employing to commit the crime being later also tried, and found guilty and sentenced to death.

In most cities, however, the depravity was generally the result of two causes: first, the corrupt manner in which the public contracts were awarded; and second, the actions of the men who controlled the granting of public franchises and privileges, in demanding that they be paid for granting that, which if right and proper, should be given gratuitously, and by the only too willing agreement of certain wealthy men to pay the price demanded of them. The rapacious rule of William M. Tweed in New York, from 1865 to 1871, whereby

the city was robbed of millions of dollars, was the most notorious example of the first cause of debauched municipal government; of the other, there are the more recent instances of bribery in St. Louis, in San Francisco, in Pittsburgh, in Detroit.

The men in control of the municipal governments realized that fortunes might be made by controlling the public utilities within their respective municipalities. In the early days they secured for themselves franchises for horse-car lines, for water and gas companies, for railroad and telegraph lines. When electricity as a motive power, and for light, became a commercial success, they procured the enactment of laws for the incorporation of companies to transact the business of supplying this new force; and the laws, in some cases at least, were so drawn that no previous notice of any intended application for incorporation was necessary. Immediately upon the laws becoming effective, incorporation papers were presented to the proper authorities, who, being friendly, at once approved them. Later application for municipal consent was made, and, proper methods for insuring

success being employed, the franchises were granted without question, the only interests to be safeguarded being those of the incorporators. The political speculators then proceeded to build operating plants if they were financially able, or they sold their franchises at handsome profits. They also procured the grant of franchises for the benefit of whoever employed them for the purpose.

Efficiency in the conduct of municipal affairs was not sought after. Although ordinary mechanics were required to serve an apprenticeship of from two to five years, before being allowed to exercise their trade, for the more complex employments under a city government, no previous preparation whatever was required. The administration of cities was, in consequence, particularly inefficient; there was a complete lack of organization and discipline in the police and fire departments; petty robberies were numerous, fires were unnecessarily disastrous. The methods of keeping the accounts were entirely devoid of system; even in some of the larger cities, neither the treasurer who received the tax duplicates, nor the authority who delivered them to him, could ascertain

from the duplicates the total amount of the taxes to be collected. Almost every municipal function was performed without regard to the well-being of the community. A low standard of public morals prevailed.

A great improvement has taken place in the conduct of municipal governments, notwithstanding the scandals which yet affect them. The troubles arising from human depravity still remain, but in a lessened degree, and a decidedly more efficient administration has taken place. The civil service reformers did not stop at reforming the departments of the national government but gradually extended their efforts to municipal affairs, and now in over a hundred cities more or less stringent civil service laws are in force, which, while often evaded by unscrupulous executives, or other officers charged with their execution, provide a decidedly improved method for the appointment and retention of officials.¹

During the last twelve years, reform in municipal affairs has also taken a wider scope than the mere improvement of the

¹ *Twenty-sixth Annual Report of the United States Civil Service Commission*, Washington, 1910, pp. 30-31.

civil service. Entirely new systems for governing municipalities have been devised. The one most commonly advocated is a non-partisan and commission form of government. The doctrine of non-partisanship in municipal affairs has been in effect in a few municipalities for more than a quarter of a century, but government by commission has been in operation only for something over eleven years. It originated with the Southwestern city of Galveston, after the great inundation caused by the high-tide of September 8, 1900, when the place was almost entirely destroyed. The city was rebuilt by a commission, and has been governed by one ever since. Since its introduction in Galveston, the plan of commission government has been many times improved, that in operation since June 20, 1907, in the city of Des Moines, Iowa, being the one most generally commended. The municipal elections in Des Moines are non-partisan in character. The city council consists of a single body elected at large, composed of the mayor and four councilmen, in whom is vested all the executive, legislative, and judicial functions, the duties of the

councilmen being practically coördinate with those of the mayor.

The connection of the executive, legislative, and judicial powers marks the beginning of a new era in government in America. Heretofore it was considered treason to advocate any other doctrine than that of a separation of the powers. The doctrine of a separation of the powers had been incorporated in the national, and in many of the State constitutions shortly after the time when the country tore itself loose from monarchical England, when the fear existed that a unity of the powers would lead away from liberty and toward a new despotism greater than the one which the country had just thrown off. The convention which framed the United States Constitution did not have the previous experience of any other country to guide it in respect to a division of the powers. It adopted the theory of Baron Montesquieu, as elaborated in his brilliant *Spirit of the Laws*, which historians now agree was not a true exposition of the fact as contained in the Constitution of England, which instrument the work pretended to describe. Dire experience has proven the

fallacy of the theory so far as municipalities are concerned. Separation of the powers is a clog on efficiency, and renders possible practically all the evils that can be charged to maladministration in municipal affairs.

Cities are corporations with large and diverse business interests to be cared for, and, because their functions are of a public character, no person who has the best interests of the municipality at heart would suggest they be conducted differently from private business corporations; and no one who is at all familiar with the management of private business corporations can say truthfully that in the conduct of such corporations the president should not take part in the meetings of the board of directors. Under the theory of a separation of the powers, the mayor has no part in the deliberations of the council, nor have the councilmen any executive powers. Because the system originated in the Southwest and the West, sections once famous as the birthplace of the wild fantasies advocated by the Greenback Labor party and of the free silver fetish, should not create prejudice against it. "Can there any good thing come out of Nazareth?" was once asked concerning the Son of God.

CHAPTER II

THE EVOLUTION OF BUSINESS

THE agitation against the abuses prevalent in public affairs was already at its height when an uneasiness developed in regard to the rapid growth in wealth and power of industry and commerce, and of the railroads. At the close of the Civil War, many branches of industry were in an infantile state. The railroads were of comparatively recent origin, but had already spread out in many directions. The old sectional question of slavery was forever settled, and labor, which had been scarce during the four years of war, became plentiful again when the million soldiers who had been serving in the Northern armies returned to their homes and reëntered upon their old employments; and an era of unexampled expansion ensued. Far-seeing men realized the immense possibilities to be attained by improving

and by adding to the railroads and by building additional railroads, and in the establishment of new industries such as would have the government tariff as a protection against foreign competition. The energy of these adventurers was soon felt, and railroad building began with a rush. From 1865 to 1875, thirty-nine thousand miles of railroad were built, being more than double the entire mileage of the country prior to the former year. Small railroads and telegraph companies which had been constructed to connect a few cities and towns, were consolidated and formed into great systems extending through from two to ten States. In manufacturing, the forward movement resulted in new rolling mills being built in the iron centers, in new coal mines being opened in the coal-mining districts. In New England, additional lines of manufacture were added in the cotton and woolen mills. Everywhere old establishments were enlarged. The manufacturers prospered as they had never before prospered; the workmen received higher wages than the country had ever known.

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It was during this period of development that the change from the private to the corporate form in business life became marked; and, in the late seventies and early eighties, manufacturing concerns old and new began largely to be incorporated. Individuals and firms had now reached that stage of prosperity where they commenced considering means for perpetuating their business and limiting their liability; and they took out charters wherever there were laws permitting this to be done, or they used such means as were in their power to bring about the enactment of such laws. An evolution in the corporation laws of the Northern States followed. The purposes for which corporations could be created had been limited. Outside of the railroads, which in nearly all the States were usually created by special acts of Assembly, there were few corporations chartered under general laws. Uniform corporation laws applicable to particular classes of business were now enacted. New subjects of incorporation were added from time to time, until in most States any lawful business could be incorporated. The amount at which corporations could be capitalized was

constantly made larger, and now in almost all the States where charters are taken out extensively, there is no limit at all. The duration of the corporations was extended, and at present can be made perpetual.

To-day there is hardly a manufacturing or mercantile concern of importance in the entire country that is not incorporated. A new form of fixed wealth has come into existence which is universally recognized as being as stable as that invested in farms or in city real estate. According to the returns made under the Tariff Act of 1909, which provides for a tax of one per cent. on the net income of corporations over and above the sum of five thousand dollars, and requires returns of such net income to be made annually, the total number of the corporations, together with their aggregate capital stock, indebtedness, and net income for the three years for which returns have been made, was as follows¹:

¹ *Annual Report of the Commissioner of Internal Revenue for 1910*, Washington, 1910, p. 74; *Annual Report of the Commissioner of Internal Revenue for 1911*, Washington, 1911, p. 81; *Annual Report of the Commissioner of Internal Revenue for 1912*, Washington, 1912, p. 85.

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Calendar Year	Number of Corporations	Capital Stock and Indebtedness	Net Income
1909	262,490	\$83,705,579,448	\$3,125,481,101
1910	270,202	88,601,766,527	3,360,250,000
1911	288,352	92,230,676,886	3,213,707,247

These figures, except so far as they relate to the number of the corporations, are larger than the circumstances warrant. There are duplications in capitalization and indebtedness and in net income, owing to the fact that some of the corporations own stock and bonds of other corporations. The amount of the capital stock is too large also, because some of the corporations are over-capitalized; and for the further reason that in many cases, particularly where the corporations have just been chartered, the full amount of the capital stock has not been paid in. No definite figures can be given of the actual amount of money invested in the stocks and bonds and other forms of indebtedness of corporations, but making a deduction of twenty-five per cent. from the figures of the Commissioner of Internal Revenue, the remainder would probably represent approximately the actual amount

invested in corporations, and would still be enormous. The net income would also remain colossal in amount.

Labor, too, had men in its ranks who realized that the tendency of modern life was toward combination; that the individual, whether employer or employee, could not stand alone. They appreciated Longfellow's well-remembered admonition:

All your strength is in your union,
All your danger is in discord.

The labor leaders saw that, with the power which the great increase in wealth gave the employers, the workmen would never be able to improve their working conditions, reduce their hours of labor, or receive a fair recompense for their work, if they continued to deal individually with the men who employed them; that as a matter of self-protection they must present a united front. All the trades and callings were therefore gradually organized into unions. There had been isolated labor organizations for many years, but their membership was small and their influence limited. The unions now

spread over the country, and soon there were unions of the operating employees on the railroads—the locomotive engineers, locomotive firemen, railroad conductors, and railroad brakemen. In a few years, the iron and steel workers had powerful unions, as had the coal miners, the flint-glass workers, and the window-glass workers. Then there were unions for the building trades, some national, others local. The bricklayers had their unions, as had the carpenters, the stonemasons, the plasterers, and the painters. Practically every trade is organized, as are also many classes of laborers.

During the progress of the evolution in the industrial and commercial enterprises, the shrewd men entrusted with the management saw the immense advantages to be derived, in increased profits, from a combination of all the interests engaged in the same line of manufacture or commerce; and they formed such combinations. A tendency toward monopoly ensued. The contemplated purposes of the creation of these gigantic combinations were an object lesson to the labor unions. Man is imitative in character, and the officials at the head of the labor

unions at once realized that a new element was being introduced into the business world which was expected to work wonders for the corporations. If this was true of corporations, they argued, then why would not the same principle apply to labor organizations? Besides, a consolidation of the interests of labor would serve as a check to any undue aggressions which consolidated wealth might attempt against labor. They therefore organized national and international labor unions. Among the largest consolidations was the unification of the iron and steel workers' unions into the Amalgamated Association of Iron and Steel Workers, and of the various organizations of coal miners into the United Mine Workers of America. The greatest combination of all, however, was the American Federation of Labor, which was a consolidation, under a central head, of all the labor unions of the country, and which has a membership said to be approximately two millions.

As the people had made their displeasure felt in purely political affairs, so also they began asserting what they considered their rights against the abuses prevailing in the

management of the railroads and the industrial corporations. While the railroads were new, and the knowledge of their great value in facilitating travel and transportation was still fresh, the joy of having them outweighed all other considerations. If there were any inequitable exactions, they were passed over as incidents of far less moment than the advantages which the coming of the railroads had brought. As new towns sprang up and new railroads were built, communities having few railroad advantages became jealous of those which had more, and the railroads in their midst were blamed with being unjust. The railroads themselves did not always act toward the communities which they served with the degree of diplomacy that was perhaps essential. The men in control of the railroads found it difficult to realize that they were operating under an instrument called a charter, which had been granted to them by the State, and through which they derived valuable privileges and benefits not possessed by individuals. They failed to remember that with these advantages there were also obligations, which must be observed; that they were only

trustees for their stockholders and for the public as well. The men owning the stock of the railroads had been pioneers in their fields, and with an acute realization of the future value of their properties had ventured their money, and being men of great business capacity had made their railroads valuable; and they entertained the opinion that they alone were to be benefited. In many instances they became arrogant; exorbitant rates were charged for passengers and freights; all questions affecting the public as well as those involving their own employees were treated with a lofty disregard of everything but their own advantage. They were accused of all sorts of wrongdoing; they were said to dominate the politics of States. Senators and Congressmen, as well as Governors and members of Legislatures, were declared to do their bidding. It was charged that the railroads were accomplishing many of their purposes by the corrupt use of money. The revolution of the railroad employees, in 1877, against the railroad managements in different parts of the country, and particularly in Pittsburgh, brought on largely by the domineering spirit of the

officials, forms a lurid page in the industrial history of the United States.¹

Discrimination against persons and places in the matter of freight rates occurred daily. Some of the shippers received rates less than half those charged other shippers. Certain shippers received a rate of ten cents per hundred pounds, while the published charges ranged from eighteen to thirty-seven cents. A rate to favored shippers of one fifth the regular rate was often made. A high official of one of the great railroads testified that fifty per cent. of the business going out of New York, and ninety per cent. of the business going out of Syracuse, was done at special rates.² Favoritism played a leading part in the operation of the railroads, both in the granting of special rates for passengers and for freights. Secret rebates were given almost daily. Many of the older shippers will recall how, not very many years ago, the local freight agents in more than one city would call at the offices of

¹ *Report of the Committee Appointed to Investigate the Railroad Riots in July, 1877*, Harrisburg, 1878, pp. 1-48.

² *Federal Regulation of Railway Rates*, Albert N. Merritt, Boston, 1907, pp. 1-240.

their customers, their pockets stuffed with money, with which the rebates allowed were paid. Free passes were given without stint. Every through train carried passengers who traveled on free passes, and who would have considered that they had lost their prestige if obliged to pay their fares. Worse things were happening; men in very high positions were accused of using their offices for their personal benefit, and to the detriment not only of the public but of their own stockholders as well. Certain offenses charged against the railroad managers were admitted. Officials and former officials of railroad companies acknowledged before the Interstate Commerce Commission that they had formerly received bribes for favoring shippers in the matter of the distribution of freight cars.

Industrial and commercial life is so closely interwoven with that of the railroads that it is hardly possible that an evil can exist in one without being reflected in the other. There is no question but that the larger number of industrial and mercantile corporations, like the railroads, are honestly conducted, yet it is regrettable that many

matters have come to light in recent years which would indicate that in some of them, as in some of the railroads, unprincipled men, at least in times past, were in positions of trust. It was insinuated that the managers were guilty of acts of doubtful propriety; that the true amount of profits was concealed by them; that they drew salaries disproportionate to the services performed; that they were interested in two or more corporations, and used their power in one for their own benefit in the other; that they depressed the shares of stock of their company in order to be able to purchase, at a lower price, the shares of stock of other stockholders who were ignorant of its value; that they sold their shares of stock, when the shares had ceased to be as valuable as formerly, to stockholders who were unaware of that condition, or to the public. It was taken almost as a matter of course when officers in financial institutions made profits for themselves on securities sold through their influence to their own institutions, or on loans placed by them with these institutions. There were also complaints which were more of a public nature.

In Pennsylvania as well as in many other manufacturing States, the proprietors of the industrial establishments were said to conduct their manufactories almost regardless of the safety and comfort of their employees. Work on Sundays was asserted to be the rule and not the exception. The political acts of the employees were alleged to be performed wholly at the dictation of their employers. Publishers found it profitable to print shocking stories of the oppression suffered by the employees at the hands of their employers. A new form of human slavery was declared to exist in the manufacturing North. The abolitionists of the Civil War period never used half the gloomy colors in depicting the lot of the black slaves of the South as were the hues introduced into the pictures drawn by these publishers, of the hopelessness of the life led by the Northern workmen. Poets of acknowledged genius became imbued with the current prejudice and lent the complaint an air of emotional sentiment; and it might have been Kipling who wrote:

O white man, white man, what is this—
This cry of the burdened North?

The millions reap in the fields all day
And grind in the mills all night.
The cities are loud with the feet of care
From light until morning light.
Dumb with the fear that their bread will cease
They cringe to the whip's command,
Paying their blood to the gilded thing
That taxes the toil of the land.¹

The most blatant anarchist could not have uttered thoughts tending more to unsettle society than do the doctrines promulgated in the sinister poem glorifying mobs, of which the following is the closing stanza:

I am the last cry of a land undone,
The huge abortion of a people's pain,
I rise and make a way where way was none;
I am their manhood come to life again.²

The United States Government has ever been conservative. The great moral wrong of slavery was allowed to continue more than eighty years before it was abolished;

¹ "The Slaves of the North," Edwin Davies Schoonmaker, *The American Magazine*, New York, June, 1911, pp. 378-379.

² "The Mob," Edwin Davies Schoonmaker, *The American Magazine*, New York, June, 1912, p. 198.

polygamy was not stamped out in Utah until over twenty years had elapsed since Congress enacted the first law forbidding its practice. For years no steps were taken to remedy any of the evils existing in the management of the railroads and the other corporations. The complaints were generally charged to the envy of less successful rivals, and to the judgment of gloomy pessimists, whose incessant mutterings were believed to be as devoid of reason as the croakings of Poe's raven.

The farmers in the West alone, impatient of government help, made a few sporadic efforts to remedy their grievances against the railroads. In addition to suffering from the policies pursued by the railroads, they were in dire distress in other respects, having, in their search for free land, settled on what was formerly designated the Great American Desert, which did not yet respond to their method of cultivation. The natural consequence was that their crops were poor; and as a climax to their misfortune the whole West was ravaged by clouds of locusts, and the farmers were made penniless. In the hopelessness of their despair these men attempted

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to help themselves by entering politics, through the agency of the Granger party. Originally formed in 1867, the object of the organization was "to advance the social needs of the farmers, and combat the economic backwardness of farm life"; but the wretchedness existing in the West soon led the party into a propaganda of extreme radicalism. It was the first political organization in the United States which possessed the merit of calling attention to the tyranny of the railroads, but its radicalism caused it to be short-lived. The Farmers' Alliance, afterwards known as the Populist or People's party, was also born with the object of righting the farmers' wrongs, and swept over the West and South after Grangerism had run its course. It advocated a rigid regulation, or government ownership, of railroads, and laws for the relief of agriculture. This party also soon ceased to exist, mainly because it favored such fallacious theories as the abolition of the national banks, the free coinage of silver at the ratio of sixteen to one, and the unlimited issue of paper money based on the security of land.

The prosperous and conservative East has

laughed at the Granger party and its successor, the Populist party, but it should bear in mind, as has been said by a recent writer, that "all radical creeds of the hour are packed with truths,"¹ and that these much-derided parties, must be credited with directing public notice to abuses which actually existed, and which were growing in enormity. Also, the number of the victims of corporate wrongdoing was increasing year by year, and constantly becoming more vociferous. Their cries for help were ceaseless. Public sentiment, slow to be moved, was aroused at last, and demanded assistance for the oppressed from the national government. Help came by the enactment of the two laws which have caused more discussion, and made more history in the American industrial and commercial world, than perhaps all the other laws relating to business affairs ever enacted. The first of these laws to be placed on the statute books was the one enacted on February 4, 1887, entitled, "An Act to Regulate Commerce," commonly called the Interstate Commerce Law. The other

¹ "Conservatism and Reform," Mowry Saben, *The Forum*, New York, July, 1912, pp. 35-44.

was the so-called Sherman Law, passed July 2, 1890, for the purpose of preventing "trusts and combinations in restraint of trade," in this respect being declarative of the common law relating to monopolies, as it has existed for hundreds of years in England, and as it still obtains in nearly all the States of the Union. Both laws provided criminal as well as civil penalties for their infraction.

No greater act of beneficence was ever done by man, for man, than the enactment of the Interstate Commerce Law. With the enormous development in manufacturing and commerce, the feature of the law relating to rebates on freight rates is alone of incalculable value. But the government was cautious, as well as being fearful of the effect of disturbing established customs, and the railroad officials were so influential and plausible that for a number of years it was the common belief that all business would be ruined if the laws were to be strictly enforced. The influence of the railroads waned after a while, and the general demand for a stricter observance of all laws, that had been sweeping over the country, forced the government

to begin a vigorous campaign against the violators of the Interstate Commerce Law. It was now enforced to the letter, to the great benefit of the public. The law did not give the Interstate Commerce Commission the power to establish freight or passenger rates, and the people clamored for more authority for the Commission, and, the agitation becoming strenuous, Congress gave the Commission the power to determine rates whenever complaint should be made of their unreasonableness.

The Sherman Law is Janus-headed in effect, one head looking in the direction of the illegal combinations of employers, and the other at the illegal acts of combinations of employees. Stringent as the law is, like the Interstate Commerce Law it was for years little better than a dead letter. It was during this time, too, that the greatest of the industrial and mercantile corporations came into being. They were generally consolidations, into huge companies, of a number of corporations which in their day had themselves been considered extremely large, and, being bound together in the folds of a single charter, were thought to have avoided

the interdiction against restraint of trade and monopoly contained in the Sherman Law. Their existence became possible by reason of the ever-increasing liberality of the corporation laws. The State of New Jersey was largely responsible for their birth. Not only were her corporation laws most liberal, but her judges were equally liberal in construing them. Being conducted by the same men who had been aiming at monopoly long before the existence of the Sherman Law, the new corporate giants were managed on the same lines. The corporations aimed to control prices and production, to apportion business and to apportion territory, by the aid of "pools," "holding companies," "selling agencies," "trade agreements," including those agreements called "gentlemen's agreements," because, as was ironically said, they were never intended to be performed, and agreements to sell to a certain class of customers at one price and to another class of customers at another price. "Pools" in earnings from freights and passengers were the favorite device among the railroads. These subtle schemes were operated openly or secretly, according as the men in control

of the corporations employing them were bold or cautious.

A plan for controlling trade was gleefully described to the writer by a leading manufacturer of hardware as having been carried out a number of times by his concern, acting in conjunction with another corporation in the same business. He related that, when a competitor became particularly obnoxious on account of selling goods at a price considered too low, he and his associate's company would buy the offender's establishment and wreck it, and immediately advance the price of their own goods ten per cent. In this way they would receive back in a few months the entire amount paid to the competitor.

The altruism which has been fighting for improvement in public life has also been making determined efforts to remedy existing abuses in industry and commerce. So vigorously was the contest carried on that panic seized the men who conducted the corporations affected, their methods of enriching themselves not having been previously questioned. It seemed as if a period of chaos had descended upon the industrial

and commercial world. Of course there were other contributing causes. The three years from 1904 to 1907 had been years of wild speculation in stocks, in lands, in commodities of every description. The quarrel among the managers of the Equitable Life Assurance Society in 1905, the result of which was the exposure of scandalous financial conduct and mismanagement in this and in at least two other great New York life insurance companies, was perhaps the moving cause of the financial disturbance. The Standard Oil Company was the earliest, as it was the largest and best known, and the most disliked of the great industrial corporations. The people overlooked the fact of its magnificent management and believed that most of its wealth was acquired by crushing competitors, and by receiving rebates on the freights shipped by it over the railroads, and in other devious ways. In 1907, it was indicted, under the Interstate Commerce Law, at Chicago, in the United States District Court for the Northern District of Illinois, on a charge of having received rebates on freight rates. Being found guilty, it was fined by a radical judge for the

appalling sum of twenty-nine million two hundred and forty thousand dollars, and although the decision was reversed by the United States Circuit Court of Appeals, the depression occasioned thereby, in financial circles, remained. This and the strict enforcement of the Sherman Law alarmed the moneyed interests. Loans were called. Securities began to drop in the New York Stock Exchange, and continued to go on dropping. Adventurers like Charles W. Morse and F. Augustus Heinze had obtained control, or a decisive voice in the management, of a number of large New York banks and trust companies. A distrust of everything with which these men were connected developed; hysteria ensued; runs were begun on their banks. Long lines of depositors stretched out along the sidewalks waiting for an opportunity to get near the banks in order to withdraw their deposits. A number of banking institutions, headed by the Knickerbocker Trust Company, closed their doors. Hundreds of thousands of workmen were thrown out of employment by the closing down of industrial establishments, and the discontent which this created spread

to large areas where no financial disorder had taken place, and where the workmen did not lack employment.

In 1908, the Republican National Convention promised a revision of the tariff law, and as there was a strong feeling, not only in the former Populistic Western States, but in such hotbeds of protection as Pennsylvania, that the tariff was unnecessarily high on many articles, the general opinion was that the tariff, while levied for protection, would be greatly reduced. But the majority in Congress, with no independent knowledge before them of the needs of industry and influenced by interested manufacturers, adopted a line of action opposed to the policy of reducing the tariff. They were against a change, and were designated "stand-patters," and rather gloried in the appellation. They did not realize that public sentiment had undergone a pronounced change since the enactment of the former tariff law. "Let well enough alone," was their motto. It was the same old fear of the consequences of a change in public policy which had inspired James Russell Lowell, after the annexation of Texas as a slave State, when

the slavery question was assuming alarming proportions, to write his famous lines, in an ineffectual attempt to influence the politicians of that day to declare against a further extension of slavery:

New occasions teach new duties;
Time makes ancient good uncouth;
They must upward still, and onward,
Who would keep abreast of truth.

When, therefore, the Payne-Aldrich Tariff Bill was enacted into a law, a wail of disappointment went up, and not even President Taft's hearty endorsement of the measure convinced the people that their confidence in the party in power had not been betrayed; and a strong prejudice against President Taft sprang up. A suspicion had been also long prevalent that the great capitalists in and about New York, collectively designated by the insidious name of "Wall Street," were instrumental in the enactment of the laws relating to finance and industry, which were framed in their interest. It was alleged that this was particularly true of the banking laws, national and State, which were intentionally so fash-

ioned as to enable their sponsors, who owned the banks, with the aid of the combination existing among the banks, called the Clearing House, to more easily manipulate the money markets, and through their domination of the New York Stock Exchange to control the financial destiny of the United States to their own advantage. It was an oft-repeated charge that, in order to be able to do this unhampered in New York, these capitalists had kept all the stock and provision exchanges, as well as the clearing houses of the entire country, free from governmental regulation. The revelations concerning New York finance and financiers, made before the committee appointed by Congress to investigate the United States Steel Corporation, *ex parte* and strongly biased as the more damaging part of the testimony undoubtedly was, confirmed the opinions of those persons who were already only too willing to believe ill of the persons whom they had long held in distrust.

During the period of unprecedented expansion in industry, the relations existing between it and its employees had not always

been harmonious. Organized labor had several times engaged in sanguinary warfare against its employers. At Homestead, Pennsylvania, in 1892, the Amalgamated Association of Iron and Steel Workers conducted a great strike of the employees of the Carnegie Steel Company Limited against a reduction in wages. The strike not only failed of accomplishing its object but was the death-blow to trade-unionism in the mills of the Carnegie Steel Company Limited, and resulted finally in barring trade-unions from all the mills now controlled by the United States Steel Corporation. This conflict exercised a wide influence all over the United States, particularly on the Presidential election of 1892, being potent enough to defeat President Harrison for reelection to the Presidency. Two years later the employees of the railroads centering in Chicago went on a strike out of sympathy for the striking employees of the Pullman Palace Car Company, who had struck against a reduction in wages. The use of United States troops in suppressing the acts of violence occasioned by the strike created fierce resentment in the breasts of the strikers

and their sympathizers over the entire country. The employment of soldiers in 1892 in stamping out the disorder produced by the miners of the Cœur d'Alene district of Idaho, striking for higher wages, and the forcible breaking up of the Colorado strike in 1902, when the miners struck for a working day of eight hours, also occasioned the wage-earning classes to become restless.

Conditions in industry were also changing. Machinery was being daily installed by the use of which a less number of men were required for the performance of a given quantity of work. Machinery was making it constantly less necessary for the employment of skilled workmen, common laborers taking their places, the skilled workmen being reduced in rank or suffering a reduction in wages. Another element of far greater moment which occasioned the wage-earners to look askance at the employers of labor, but which a spirit of chivalry caused them to refrain from noticing officially, was the entry of large numbers of women into employments which, but for them, would have been taken by men. Formerly

women had found employment only in the textile industries. Now they were employed in handwork or in operating light machines, in clothing-making, in certain branches of iron and steel manufacturing, in the production of electrical apparatus, in glass-making, and in a dozen other industries. The universal use of the telegraph, the typewriter, and the telephone, together with the perfecting of highly elaborate means of distribution, like the departmental stores, also created a demand for many thousands of cheap women workers.

The people generally had long been brooding over existing economic conditions. They had looked on aghast when the steel and iron industries were consolidated, with capitals so fabulous as to stagger the imagination, culminating in the organization of the United States Steel Corporation with a capitalization in stocks and bonds aggregating about one billion four hundred million dollars. The rise of thirty-two millionaires over night, by the magic of Andrew Carnegie when he turned the Carnegie Steel Company over to the United States Steel Corporation, created numberless vociferous

pessimists.¹ They could not understand how the creation of so many swollen fortunes was possible, if it were not by reason of an undue advantage obtained through the tariff or some other favorable legislative enactment. On every hand mutterings arose. Even workers in the Pittsburgh steel and iron mills, although not complaining particularly about their wages and having always been taught to believe in a protective tariff, declared that under the existing tariff law their employers were receiving more than was their just share, as between employer and employee. The dissatisfaction increased when one or two of the newly made rich men appeared in the divorce courts, and when others made an ostentatious display of their recently acquired wealth by giving dinners and entertainments, the cost of which, according to the reports appearing in the newspapers, was fabulous.

From the extraordinary growth, both in numbers and size, of large fortunes, the

¹ "Is there Common Ground on which Thoughtful Men can Meet on the Trust Question?" Peter S. Grosscup, *The North American Review*, New York, March, 1912, pp. 293-309.

people have naturally inferred that wealth is being concentrated in the hands of a few men. This and the ill-considered or sensational statements in regard to the growth of great fortunes that are constantly appearing in the public prints have led people to believe that "the rich are becoming richer and the poor poorer." The mere fact that there are more very rich men now than formerly, however, taken by itself, does not prove, according to the leading economists, that there is a concentration of wealth, as while these men were accumulating their fortunes the population was also increasing at a very rapid rate, as was also the per capita wealth of the country.

That wealth is or is not being concentrated is a technical and statistical problem, and difficult of demonstration. G. P. Watkins, in an article printed in the *Publications of the American Statistical Association*,¹ gives a critical and dispassionate review of the question. This writer contends that while

¹ "An Interpretation of Certain Statistical Evidence of Concentration of Wealth," G. P. Watkins, *Publications of the American Statistical Association*, Boston, No. 81, 1908, pp. 27-55.

there is a "tendency to concentration or to an increase in large fortunes," it is not a matter of recent growth, but has been in progress for fifty years. In Massachusetts, the only State for which reliable data could be obtained, which, however, cover only the period beginning with 1829 and ending with 1891, a time prior to the greatest growth of wealth in the United States, the concentration in 1890 was less than in 1880; and the greatest concentration took place in the thirty years preceding the Civil War. Mr. Watkins further demonstrates that concentration of wealth is not peculiar to the United States; that it is taking place in all the leading countries of Europe; and, notwithstanding the fact that the United States has in the last fifteen years produced great numbers of extremely large fortunes, the concentration of wealth in this country is less than in the United Kingdom. Mr. Watkins admits that the concentration of wealth is the result of increased activity in modern industry. He refutes the oft-repeated assertion that, by the concentration of wealth in the United States, the poor have become relatively less well to do than

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formerly. On the contrary, he declares that all the evidence tends to show that the poor have, "on the whole, probably gained absolutely," and that their income has been increasing with every decade.

The Englishman, D. H. Macgregor,¹ agrees in the conclusions of Mr. Watkins in regard to the condition of the poor, and quotes with approval the statement of that other Englishman, Sir Robert Giffin, that "the poor are to some smaller extent fewer, and those who remain poor are individually twice as well off on the average as they were fifty years ago."

¹ *The Evolution of Industry*, D. H. Macgregor, New York, p. 89.

CHAPTER III

CULMINATION OF THE DISSATIS- FACTION

THE discontent occasioned by the transition of the smaller corporations to the ranks of the great ones is but another and more extended form of the sentiment which found expression in the earlier days of industry. The people are ever forgetful, and do not recall that conditions such as those that the United States is now passing through have existed before. They forget that by reason of the undreamed-of development in the natural resources of the country—the discovery of enormous veins of coal, of great beds of iron ore, of rivers of petroleum, of vast volumes of natural gas—a large number of wealthy men were created long before the appearance of the industrial barons of to-day. More than a generation has passed since men became wealthy through

the revolution in steel-making, the application of electricity to the operation of trolley cars, lighting, and machinery, and by the invention of such labor-saving devices as the telephone and the typewriter. The expansion in railroad-building, the consolidation of small railroads into large ones, and the large ones into great systems, also placed large sums of money in the hands of the men who promoted those enterprises. The people do not bear in mind that, whenever a radical change in the manner of manufacturing takes place, a readjustment must be had of the forces which produce it. They fail to remember that such was the case when the factory system superseded work in the family, and when machinery took the place of hand-power. The present disturbed condition in industry is not to be compared, in disastrous consequences, with the old troubles. History does not give too prominent a place to the struggle which the industrial workers of England made against the introduction of the power-loom in weaving at the beginning of the nineteenth century. Nor is there much space devoted to the story of the resentment which led people to destroy

machinery, to burn mills, to ill-use mill workers, and to blame the power-loom for the distress occasioned by war and political disturbances. It will be necessary to search the encyclopedias and works on economics to find that, in 1779, Richard Arkwright, the inventor of the spinning-frame, had his large mill near Chorley destroyed by a mob of workingmen because of their antipathy to labor-saving machinery. Only a small circle of Americans have heard of the Luddite Riots which disgraced the counties of Yorkshire, Lancashire, Derbyshire, and Leicestershire at various times between the years 1811 and 1816, when mill operatives spent their time smashing textile machinery, and there were apprehensions of civil war.

These movements were merely reactionary steps, violent though many of them happened to be, in the adjustment that was going on in industry. Their very violence, while it did not benefit the disturbing element, created in the breasts of many of those who had no interest in the struggle, as is the case in the United States to-day, a spirit of sympathy for the weaker of the contending parties, and a prejudice against the farsighted men

who had become wealthy through the adoption of new methods of manufacture.

William Garrott Brown, in a discussion of the present economic conditions, published in *The North American Review*,¹ inclines to the view that the "discontent is not so much with actual, as with relative material conditions, not so much with actual suffering or poverty, as with inequalities, and particularly inequalities of opportunity." While it is evident that the prevailing discontent has been fanned into flame by unscrupulous demagogues, shrewdly bent on taking advantage of a condition to further their own ambitions, it is equally true that a large part of the people, while suffering no distress, actually believe that they are being imposed upon. They may be living in comparative comfort, but others have so much more than the mere comforts of life. They were always taught that in the United States every man could rise to the height occupied by the greatest in the land. Now that every branch of industry and commerce has been consolidated

¹ "The New Politics," William Garrott Brown, *The North American Review*, New York, November, 1910, pp. 630-644.

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into great units, they believe that the average man can no longer hope to reach the top. The people may be laboring under a delusion, but nevertheless the sentiment that the opportunity for rising in the world has been taken away from them has become deep-rooted. The growth of the fear is being encouraged in devious ways. An example of this mode of imposition appeared a few months ago as a paid advertisement in various Denver newspapers.¹ In this advertisement a Colorado politician, in announcing his candidacy for a seat in the United States Senate from that State, proclaimed in broad headlines his intention, if elected, "to see that the door of opportunity is kept open." He failed to explain how he expected to accomplish this task.

Opportunity has always been the mirage in the desert of men's lives, whence they have expected the appearance of that chance, which, if embraced, was to lead them on to fame and fortune. In their opinion all that they were required to do was to recognize the voice when it spoke:

¹ The *Denver Post*, August 27, 1912; the *Denver Republican*, August 27, 1912.

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I am the treasured hope, the dream, the deed;
The living courage and the faith you need
To brave the even road of daily toil,
And master trifles that you else would spoil;
I am the certain answer to your need.¹

The widespread belief that this voice has been silenced has created a strong prejudice against all forms of corporate wealth. There is a desire to bring about a return of the conditions existing before industry had made its great strides, because the people have a vague hope that such conditions would benefit them. To effect this return they have gone into politics as never before. They believe that the laws are no longer enacted in their interest, and demand the right to make them for themselves, without the intervention of legislative bodies. In the West, this sentiment has crystallized and has given form to doctrines, borrowed from Switzerland, and advocated twenty years ago by the Populist party. They are the initiative, by which the electors can originate laws; the referendum, by which electors

¹ "Opportunity," George W. Gray, *The Outlook*, New York, April 27, 1912, p. 971.

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have the right to disaffirm any law already enacted, and the recall, by which the electors can demand special elections to oust any of the elective officers.

These methods of direct legislation are still in an experimental stage. The recall has been employed but three times, once against the mayor of the city of Los Angeles, then against the mayor of the city of Seattle,¹ and lastly against a police judge in San Francisco, on all occasions with successful results. Municipalities are political divisions of the State whose sole object is to carry on the many and varied business affairs pertaining thereto, and in this respect bear a close analogy to private business corporations. In private business establishments if the managing officials fail in their conduct of the business, either through lack of capacity or honesty, the board of directors removes them. The power to remove municipal officials should rest somewhere, yet the recall, even if safeguarded against being used too often or for too many causes, might lead to

¹ "The Recall in Seattle," Burton J. Hendrick, *McClure's Magazine*, New York, October, 1911, pp. 647-663.

a very inefficient administration. A simplified form of impeachment would seem to be more appropriate than the recall.

The initiative and referendum have been in use longer than the recall, having been employed for something more than a decade, but only in the less populous Western States. Oregon with a population largely agricultural, which in 1910 was only 672,765, is the one State which has had them both in operation during the whole of that period.¹ In the States of South Dakota, Utah, Nevada, Montana, Oklahoma, Colorado, Missouri, California, Maine, and Ohio, constitutional provisions for the initiative and referendum have been adopted, but, as little or nothing has been done under them in those States, no opportunity is afforded to study their workings.

Oregon is the State which seems to serve as the model for all the other States when taking up the question of grafting the initiative and referendum on their legal systems. Yet the initiative and referendum have not,

¹ "Initiative and Referendum in the United States," Frank Foxcroft, *The Contemporary Review*, London, January, 1911, pp. 11-19.

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at this time, entirely purified the political atmosphere of Oregon or made all the politicians of that State honest, as appears from the following item published in a Western newspaper :

Salem, Oregon, August 20.—Governor West's threatened invasion of Redmond, Crook County, at the head of a squad of militiamen, Wednesday, has been precluded by the acceptance of the resignations of Redmond's mayor and marshal by the council last night. A telegram has been received by the governor, stating in substance that his demand of immediate action at Redmond had been complied with. Governor West demanded that Mayor H. F. Jones and Marshal McClay quit their positions, following the conviction of the mayor for gambling. The Redmond councilmen stood by their mayor and asked for further investigation. Governor West telegraphed that he was familiar with the local conditions, and that he would visit Redmond this week and declare martial law unless the officials resigned.¹

That the initiative and referendum can be used for trivial purposes is apparent from

¹ The Montana *Daily Record*, Helena, Montana, August 20, 1912.

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the proposed law that was voted for in Oregon in 1912, establishing the size of bed sheets in hotels. That both trivial and dilatory objects can be accomplished through this agency would seem to be indicated in a dispatch from Los Angeles, published in an Oregon newspaper :

August 16.—The free lunch has won its fight for an existence in Los Angeles saloons until after the next election at least, and the ordinance abolishing it will not go into effect September 15th. The referendum petition circulated by produce commission men was handed to the city clerk yesterday, bearing 26,500 signatures, and will act as a stay of execution of the council's order until the latter body either repeals the law or places it before the people at the next election.¹

Purely vicious legislation can also be originated by these means as was recently attempted in California. In February, 1911, the law permitting race-track gambling was repealed by the Legislature. In May, 1912, the horsemen of the State met and determined to use the initiative to have a vote

¹ *Morning Oregonian*, Portland, August 17, 1912.

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of the people on the question of reënacting the law. A fund of over \$100,000 was said to have been raised for the sole purpose of securing the signatures necessary to obtain a place on the ballot, and instead of securing only the requisite 31,000 names to the petitions, well-paid canvassers obtained over 59,000.

Still more serious objections are apparent to the impartial observer, which show that both the initiative and referendum could give rise to a vast amount of ill-considered legislation. In Oregon the amount of direct legislation has been constantly increasing. In 1904 two measures were presented to the voters; in 1906 there were eleven; in 1908 there were nineteen; in 1910 there were thirty-two; and in 1912 there were thirty-eight. All but six of the measures proposed in 1912 were originated either by the initiative or the referendum. The volume published by the State in 1912 containing the measures to be voted upon, and the arguments for and against their adoption, contains 256 pages. If, for example, the initiative and referendum on the Oregon plan were to be adopted in such populous States as New York with a population in 1910 of 9,113,614,

and in Pennsylvania with 7,665,111, what might be the result? It is reasonable to assume that the same percentage of the voters of New York and Pennsylvania would be interested in originating legislation as in Oregon. The population of New York is more than thirteen times as large as that of Oregon, and that of Pennsylvania more than eleven times as large. In New York, therefore, there is a probability, or at least a possibility, that in two years 494 measures would be brought forward by the people, and in Pennsylvania 418. This would be in addition to the laws enacted by the Legislatures of those States on their own initiative. All these measures would be required to be published by the State where they originated, together with arguments in their favor and against them. The book required for the purpose would be of such enormous proportions that it would be neither read nor considered. The ballot would present another insuperable objection. In 1912 the ballot used in Oregon was $34\frac{1}{2}$ inches long by $18\frac{1}{4}$ inches wide. The ballot required in New York would be thirteen times as large as that used in Oregon, or more than 37 feet long and over 19 feet in width.

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The dimensions would be so great that it would be impossible to procure sheets of paper sufficiently large for the purpose. It would therefore become necessary to print the ballots in the form of a book, and voting would become such an onerous task that few persons, even the most intelligent, would exercise the franchise understandingly. In Pennsylvania the difficulties would be practically as great.

In France during the Great Revolution the people had an idea that they could cure every ill in existence with their newly acquired right to legislate. The Earl of Rosebery, in an article published in *The Fortnightly Review*,¹ thus describes what was accomplished:

For ten years they had been living on high aspirations varied by massacre, believing that legislation can effect everything, even transform human nature; and that taxation can be so adjusted by getting rid of the wealthy as to enrich and benefit the poor; worshiping, in fact, the silly gods that blight a nation. In five years 3400 laws had been enacted, enough to make

¹ "The Coming of Bonaparte," Earl of Rosebery, *The Fortnightly Review*, London, July, 1912, pp. 1-14.

the mouths of modern legislators water, enough to convert earth into heaven, were earth convertible by such means. All that had been produced were anarchy, poverty, and discontent.

From this it is evident that in France, with a population (based on the census of 1801 when it was 26,930,756)¹ of approximately 26,000,000, there were enacted every two years during this turbulent period of its history an average of 1360 laws, as against 494 that might be enacted in New York in a like period. As New York has only a little more than one third the population that France had at this time, it would appear that with the initiative and referendum in operation the people of New York might pass proportionately ten per cent. more laws than were enacted in France in its bloodiest days. Yet France was so surfeited with law-making that it called in the Strong Man, Napoleon Bonaparte, to give it order at home and peace abroad.

The present method of having the laws made by a representative body elected for

¹ *The Statesman's Yearbook for 1912*, London, 1912, pp. 765-766.

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that purpose, with all its imperfections, is still the only practicable way in which this task can be performed. Nevertheless the right of the people themselves to express their opinion through the ballot on legislative matters under certain circumstances, is unquestionable. In the constitutional countries of Europe, when the political party in power in the legislative body is defeated in any measure which it is advocating, the legislative body is generally dissolved, and a referendum is had on the question of sustaining or disaffirming the party's action by the election of a new legislative body the complexion of which determines whether the acts of the former legislative body have been approved or disapproved. This form of referendum could be employed with satisfactory results in the United States if limited strictly to cases where the party or the men in power in the legislative bodies fail to pass or act on bills before them which are supported by a certain minority of the membership. Its application should also be limited to such public questions as government (including the courts), elections, taxation, corporations (including railroads), public schools, and

perhaps a few other subjects. In all these cases the governor or other executive officer charged with providing for the elections should be required, at the request of the minority in the legislative bodies or a fixed percentage of the same, to see that the proposed legislation is submitted to the people for their decision at the next election. With the legislative machinery set in some such groove, the danger of a flood of crude legislation being poured out on the people at every election, as might be the case with the initiative and the referendum on the Oregon plan, would be reduced to a minimum and the inherent defects in the bills as well as their constitutionality, would be passed upon by the experts who in an ever-growing number of States are now recognized as being necessary for the proper preparation of bills presented for enactment into laws.¹

¹ "Legislative Reference," Ethel Cleland, *The American Political Science Review*, Baltimore, May, 1910, pp. 218-220; "Defective Methods of Legislation," Ernest Bruncken, *The American Political Science Review*, Baltimore, May, 1909, pp. 166-170; "Legislative Reference Work and Its Opportunities," Clinton Rogers Woodruff, *Public Libraries*, Chicago, October, 1908, pp. 300-303.

CHAPTER IV

LARGE AND SMALL CORPORATIONS

IN the East, where more wealth exists than in the West, a large part of which is invested in corporations, and where corporate influences have always been strong, the discontent has not yet assumed any particular form of political action, but is expressed by an unreasoning resentment against the Republican party, and against its candidates.

"The voice of the people is the voice of God," is a sentiment uttered by an old Greek poet; but Alexander Pope, writing twenty-five hundred years later, bearing in mind that, when influenced by passion, prejudice or distress, the people sometimes serve strange gods and refuse to incline their hearts unto the Lord God of Israel, paraphrased the ancient idea into:

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The people's voice is odd,
It is, and it is not, the voice of God.

The people's judgment is not always accurate. They have been raising a hue and cry about the evils resulting from the establishment of the gigantic industrial corporations. An unbiased consideration of the question would discover that the evils complained of are not nearly as prejudicial as has been generally supposed. In every case where there has been a great consolidation of industry, a dozen competitors were brought into life as a consequence of the consolidation. This was true in steel and iron, in coal, in glass of all kinds, and of the scores of other combinations that were formed during the golden age of consolidation.

The census returns for 1910,¹ show that the small manufacturing establishments are increasing in numbers. Establishments the annual value of whose product is less than \$5000 have increased from 71,791, employing 106,353 persons, in 1904, to 93,349, employing 142,430 persons, in 1909; those whose annual product is \$5000 and less

¹ Thirteenth Census of the United States, 1910, *Bulletin*, "Manufactures," pp. 26-29.

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than \$20,000 have increased during this period from 72,791, employing 419,466 persons, to 86,989, employing 470,075 persons; those whose annual product is \$20,000 and less than \$100,000 have increased from 48,096, employing 1,027,047 persons, to 57,269, employing 1,090,380 persons; those whose annual product is \$100,000 and less than \$1,000,000 have increased from 22,246, employing 2,515,064 persons, to 27,823, employing 2,896,475 persons; those whose annual product is \$1,000,000 and over have increased from 1900, employing 1,400,453 persons, to 3061, employing 2,015,686 persons.

Although it is true that the establishments whose annual product amounts to \$1,000,000 or more have increased a little more than one third from 1904 to 1909, while those under that figure have increased only from one sixth to one fourth, yet that very fact goes far to prove that the trusts are meeting with stern competition, as the new concerns doing over \$1,000,000 of business annually are in nine cases out of ten corporations brought into life by the formation of the trusts, and for the purpose of taking business which the trusts were supposed to control.

An English writer, John A. Hobson, in the latest edition of his book, *The Evolution of Modern Capitalism*,¹ in a careful study of the "Comparative Summary" of manufactures, covering the period from 1880 to 1900, contained in the report of the Twelfth Census of the United States, agrees that during this time, also, the large industries were not supplanting the small ones. He speaks in no uncertain voice:

"Taking the manufacturing industries of the United States, as a whole there seems overwhelming proof that no general tendency exists favorable to the substitution of great factories for small workshops and home industry."

The men who are afraid that all chance for the display of initiative has been taken away by the formation of the trusts should bear in mind that the units composing the aggregations of capital called trusts were extremely large when the trusts were formed, and were themselves the result of evolution. The corporations now being organized, in order to be able to successfully compete

¹ *The Evolution of Modern Capitalism*, John A. Hobson, London, 1912, pp. 113-116.

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with the trusts, must have as large a capitalization as had the units which went to make them up; and it has taken as much initiative to start the new concerns as it did to organize those commenced thirty or forty years ago. As indicative of the ever-increasing percentage of the business of the country that is being done by the new corporations, and of the losses sustained thereby by the trusts, the movement of the steel and iron industry may be cited. This industry is still considered the barometer by which the state of all business is gauged. Therefore the report of Herbert Knox Smith, Commissioner of Corporations, made on July 1, 1911, to the President of the United States, on the steel and iron industry is of special interest.¹

From this report it will be seen that the share of the steel and iron business of the United States done by the United States Steel Corporation has slowly but steadily declined in all but two items since the

¹United States Steel Corporation, Hearings before the Committee on Investigation of United States Steel Corporation, No. 63, Appendix, Part 1, Washington, 1912, p. 365.

organization of that corporation in 1901. The exceptions, which were trifling, were pig iron, which increased from 43.2 per cent. in 1901 to 43.4 per cent. in 1910, and steel rails, which increased from 59.8 per cent. in 1901 to 59.9 per cent. in 1910. On the other hand, the remaining products declined in much greater ratio. Steel ingots declined during this period from 65.7 per cent. to 54.3 per cent.; structural shapes from 62.2 per cent. in 1901 to 47.0 per cent. in 1909, the figures for 1910 not being available; plates and sheets from 64.6 per cent. in 1901 to 49.7 per cent. in 1909, the figures for 1910 not being available; black plate from 79.8 per cent. in 1901 to 52.9 per cent. in 1910; coated tin mill products from 73.1 per cent. in 1901 to 61.1 per cent. in 1910; black and coated sheets from 67.3 per cent. in 1901 to 38.9 per cent. in 1910; wire rods from 77.7 per cent. in 1901 to 67.3 per cent. in 1910; wire nails from 68.1 per cent. in 1901 to 55.5 per cent. in 1910; wrought pipe and tubes from 57.2 per cent. in 1901 to 38.2 per cent. in 1910; and seamless tubes from 82.8 per cent. in 1901 to 55.3 per cent. in 1910.

That which occurred after the formation

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of the United States Steel Corporation also took place, only with more pronounced vigor, with the other large corporations organized during the time of the great industrial expansion. They also lost to the new corporations a percentage of the business formerly controlled by them. The most potent reason for the successful rise of so many competitors to the larger corporations is because in the smaller concerns the owners are in direct control and give the business their personal attention, in consequence of which much greater success is attained than is possible in the huge ones, with the owners living far away, and the operation committed to the care of men whose only interest is in the salaries which they draw.

Pittsburgh is the center of the steel and iron industry, where more millionaires were created by the readjustment, and the recapitalization upon recapitalization of that industry, than by the readjustment of any other industry in the world, and is likewise strongly typical of all the other large cities where great industries were consolidated. Also the writer, being a resident of Pittsburgh, is more familiar with industrial affairs there

than with those of any other city in the United States, by reason of which his views of conditions as they obtain in Pittsburgh will have more value than if he attempted to write about the great combinations made in other cities during the high-tide of promotion. In Pittsburgh, in the year and a half ending with July, 1900, perhaps an even dozen large consolidations were effected, with capitals ranging from two million dollars to sixty million dollars, by which there were united the interests controlling the manufacture of steel railway cars, beer, ice, stoves, window glass, glass tableware, fireproofing, sanitary goods, crucible steel, and the mining of coal, a corporation being formed to take over the mines shipping coal by rail, and another to take over the mines shipping coal by the rivers.

More than twelve years have now elapsed since these consolidations came into life, and what has been their history? How long did they continue to prosper? Some of them only long enough for their promoters to sell the stocks owned by them! Competition developed almost immediately, and the expected profits, except to the promoters,

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failed to materialize. New steel and iron mills were built, some with the expectation that the United States Steel Corporation would soon become the purchaser at advanced prices in order to eliminate competition, others through honest motives. Another concern for building steel railway cars was organized, scores of new coal mines were opened, breweries sprang up on every side of the brewery trust, which later, together with breweries which had been left out of the combination of the beer interests, were formed into a new consolidation. All the consolidated industries met with vigorous young competitors and their share of the business became constantly less. The latest brewery consolidation went into the hands of a receiver where it remained for more than a year.

The influence in Pittsburgh of these combinations of capital as preponderating factors in industry was short-lived. Five of them paid dividends on their common stock when first organized, but these were soon discontinued. The Pittsburgh Stove and Range Company was probably the first company to stop the payment of dividends,

the company never having paid more than two dividends, and these being on the preferred stock. No more dividends were paid on the Consolidated Ice Company's common stock after January, 1902. The American Window Glass Company stopped paying dividends on its common stock in January, 1903; the National Fireproofing Company on its common stock in August, 1903; the American Window Glass Company on its preferred stock in March, 1903; the Crucible Steel Company on its preferred stock in December, 1903; the Monongahela River Consolidated Coal and Coke Company on its preferred stock in July, 1904; the Pittsburgh Coal Company on its preferred stock in July, 1905; the National Fireproofing Company on its preferred stock in July, 1905. After the lapse of several years, four of the companies resumed the payment of dividends, but only on their preferred stocks, and at rates less than the rates paid at the beginning, which have since varied in different years. Millions upon millions of dollars have been lost in these ventures, and many millionaires of yesterday are comparatively poor men to-day; but the public, which is de-

crying all combinations, was not injured. The question of monopoly was not involved, prices were not raised; the field for enterprise, instead of being taken away, was widened.

These facts tend to prove that not only in Pittsburgh, but all over the country, opportunities for establishing new industries are as numerous as ever. The public ought also to bear in mind that the dormant natural resources of the United States are still almost limitless. New fields of petroleum are daily being discovered in California, in Oklahoma, in Louisiana; new coal mines are being opened, not only in Pennsylvania, but in the Middle and Far Western States. The amount of coal already mined in this country, according to a calculation furnished by the United States Geological Survey, is less than 0.5 per cent. of the original supply.¹ The iron-ore fields of Michigan and Minnesota are not nearly all owned by the United States Steel Corporation; the deposits of gold and silver, and lead and copper, are not all controlled by the bonanza kings of the West. Nor should it be forgotten that new inven-

¹ *The Production of Coal in 1911*, Edward W. Parker, Washington, 1912, p. 29.

tions are being made constantly. The men of enterprise and ability of to-day have still the same field for their endeavors as had the men whose ascent to affluence has caused so much of the recent agitation against the concentration of industry and commerce.

But to be successful, these men of enterprise and ability must have the same genius for overcoming difficulties as that possessed by the older generation of business men; also they must possess the same dogged perseverance which is willing to meet and combat for many barren years the pains and tribulations required in establishing new enterprises. They must be able to overcome the despair which is apt to seize upon them when the discovery is made that the cost of establishing the enterprise has far exceeded the estimated amount; that mistakes were made in the construction of the plant and in its operation; that purchasers for the goods manufactured are slow in offering their patronage. They must also be imbued with the coöperative spirit. No important enterprise that was not the result of many years of growth was ever successfully launched without the coöperation of a

number of persons. This is also true of many of the smaller enterprises. Men who are now verging toward middle age remember that, during their childhood, their fathers, whether men of wealth or only mechanics employed in a shop or factory or on a railroad, united with a group of other men who moved in the same circle with themselves, and invested their twenty-five or fifty or one hundred dollars in a partnership—there not being at this time any law under which they could become incorporated—the object of which was to drill for petroleum in Pennsylvania or West Virginia, to lay out town-sites in Indiana or Illinois, to open copper or lead or silver or gold mines somewhere out in the West. Coöperation among this class of investors has been reduced only slightly by the indictments which have recently been obtained against numerous dishonest promoters, at the instance of the United States Government.

There is an undue prejudice against the corporations. A good way of measuring this sentiment is to note the result of litigation pending in the courts before juries, in which

corporations appear on one side of the controversy and individuals on the other. Every lawyer and every layman who is familiar with the proceedings before the courts knows that the ordinary jury always resolves any existing doubt in favor of the non-corporate litigant. It is this inborn bias, which perhaps originated in a desire to favor the supposed weaker party in a controversy, that was the primary cause of the agitation against the corporations. Also prominent examples, among the managements of the corporations, of greed for the accumulation of money, without regard to private rights, has no doubt increased the original dislike. The selfish or careless manner in which the large corporations looked after the safety and comfort of their employees was another cause that brought them into disrepute. A rage for repression has been sweeping over the country, caused as much by the ill-feeling existing against the corporations as by reason of any actual wrongs committed by them.

When the factory system succeeded work in the home in England, and great hardships to the working classes ensued, the English statesmen did not attempt to suppress the

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factories, but set about preparing laws for their regulation and for ameliorating the condition of the work-people. The United States Government proceeded in a different way. It spent millions of dollars in prosecuting the large corporations suspected of monopolistic tendencies. At its instance, the two greatest of the earlier trusts, the Standard Oil Company and the American Tobacco Company, were dissolved by decrees of the United States Supreme Court. The Standard Oil Company was separated into thirty-three companies, and the stock apportioned among the stockholders in proportion to their holdings in the parent company.¹ The American Tobacco Company was divided into fourteen separate and independent companies.

No one of them having control or dominance in the trade as to any of the products manufactured by it; no one of them having any dominance or controlling position as to the purchase of raw material of any kind; no one of them having any interest by way of ownership of stocks or otherwise in any other of them or otherwise in any of them, and each of them

¹ *The Outlook*, New York, August 12, 1911, pp. 803-804.

being a company, whether now existing or to be created, under a plan in which the American Tobacco Company will have no interest.¹

What has been the result ? The aggregate price of the stocks of the separated companies is higher now than before the segregation; the price of the commodities manufactured by them is at least not lower, and in some instances is higher. What else could be expected when the stocks are still owned by the same persons as before the separation? Where has the public benefited by this mode of attack? There are, however, grave faults to be corrected, the principal ones so far as the public is concerned being those aimed at in the decisions rendered in the Standard Oil Company and the American Tobacco Company cases.

Without pretending to suggest a remedy for the evils existing in corporate management, the one most often spoken of—namely, stringent government regulation—seems to be the most appropriate. If Congress can regulate railroad rates through a commission, could there not also be created a commission

¹ *The American Review of Reviews*, New York, November, 1911, p. 536.

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to regulate the prices of the products of the great corporations if they were advanced or lowered unduly? In the young Commonwealth of Australia they have laws which go far in this direction. When the Confederation was formed in 1901, provision was made in its constitution for an interstate commission, a bill for whose appointment and defining its powers became a law in 1912. Besides having powers somewhat similar to those possessed by our own Interstate Commerce Commission, it has broad powers over industry and trade. It has the right in the public interest to investigate the production of and trade in commodities, the prices of commodities, profits of trade and manufacture, labor, employment and unemployment, and wages.¹ It is a big subject and full of difficulties, but where there is a will to do a thing a way can always be devised to do it. Since 1903 the Department of Commerce has been in existence as a department of the national government, hav-

¹ "A Year of Progress in Australia," E. Verne Richardson, *Daily Consular and Trade Reports*, May 7, 1913, pp. 658-660.

ing power to collect information in regard to the organization, conduct, and management of the business of corporations engaged in interstate commerce. This country will also, no doubt, at some future time have a Tariff Commission, whose duty it will be to investigate the cost of the production of all tariff-protected articles. With these sources of information, and with the assistance which the Internal Revenue Bureau could render by communicating the facts discovered by it in the collection of the taxes on the net earnings of corporations, the government could obtain not merely an approximate, but an exact knowledge of the cost of producing all articles of commerce and manufacture, as well as a knowledge of what would be a fair selling-price. The government could then prevent any article from being sold either too high or too low, for by reducing the price of goods below the cost of production as much harm can be done, by forcing competitors out of business, as by raising the price unduly in order to secure unreasonable profits. This would necessitate changes in the Sherman Law. The desired alteration in the law could be sooner obtained

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if fewer of the acts of the corporations were veiled in secrecy. Publicity has, until very recently, been frowned upon by corporation managers. Publicity would give their competitors, these officials declared, the benefit of their superior skill and ability in management. If true, this is one of the obligations which corporations assume by virtue of their incorporation. In Germany, where the laws provide for publicity in the details of organization, earnings, and general condition of corporations, complaints were made to their enactment which were practically the same as those advanced against publicity in this country, yet Germany's industrial progress since that time has been more pronounced than ever. Publicity in this country would inure to the benefit of those stockholders of corporations who have no voice in the management, and they would no longer have cause for being suspicious of their own officers. The employees would also be able to learn whether or not they are receiving all that they are entitled to as compensation for their labor.

As governmental regulation is considered the most appropriate remedy for properly

ordering the relations of the corporations with the public and with their stockholders, so, too, regulation by the national government would be of vast benefit in safeguarding the lives and limbs and the health of the persons employed by the corporations. As proof of what a strong central authority can accomplish, when compared with the voluntary and often ill-directed efforts, as well as the neglect, of corporations and individuals, it is only necessary to advert to what has been done to benefit the employees in another branch of industry since the government supervision of it began. The deaths from mining accidents are very much larger in the United States than in the European countries, the percentage of deaths being more than three times as great as in France, Belgium, and Austria, two and a half times as great as in England, and one and a half times as great as in Prussia. In 1907, 3197 men lost their lives in mining accidents in this country. The next year Congress authorized the government to investigate the causes of the accidents. So beneficial was the work done under the government's direction, that, in 1910, the death roll had been

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reduced to 2834. The same year there was established the Bureau of Mines; and in 1911 the deaths from mining accidents had fallen to 2517.¹ The work outlined for this Bureau, which is largely educative, as explained in the first annual report of the director,² would, with the changes necessary for different conditions, apply almost as well to other lines of industry as to mining.

¹ *Preliminary Statements on Coal-Mine Accidents in the United States*, 1910, 1911, and January to April, 1912, Washington, 1912, pp. 4-5.

² *First Annual Report of the Director of the Bureau of Mines*, 1911, Washington, 1912, pp. 3-57.

CHAPTER V

FUNDAMENTAL CAUSE OF THE COMPLAINTS AGAINST CORPORATE WEALTH

THE growing antipathy to the methods of government, and the complaints against the combinations of wealth, and the situation brought about by them, are not local to the United States, but are as much in evidence in the industrial countries of Europe as here, and for the same reasons. While it is universally admitted that the discontent is due to many causes, yet the real underlying one is said to be the constantly rising cost of living.¹ That the unrest in Europe is attributable to this cause is corroborated by no less an authority than that of David

¹ "The Cost of Living," *The World To-Day*, New York, March, 1910, I. "In the United States," L. M. Byles, pp. 318-322; II. "In Europe," Frederick Austin Ogg, pp. 322-326.

Lloyd George, the daring Chancellor of the English Exchequer, who in a carefully worded interview, probably intended to minimize the extent of the increase in the cost of living in England, published in *The Outlook*,¹ declared:

"Here in Britain we have no agitation against high prices. Prices have increased here, but to a much smaller extent than elsewhere. The ever-increasing prices of the necessities of life, which exist abroad, are the mainspring of the distress of the masses."

As long ago as 1904, the English Board of Trade instituted an investigation into the fact of the existence of a constant increase in the cost of living, which was completed in 1908, and covered England, Germany, France, Belgium, and the United States. A report was published² which is probably the most exhaustive study of this subject yet attempted. From this it is apparent that the cost of living in all of these countries

¹ "The Square Deal in England," Robert Donald, *The Outlook*, New York, June 22, 1912, pp. 397-404.

² "Cost of Living in Great Britain, Germany, France, Belgium, and the United States," *Bulletin of the Bureau of Labor*, No. 93, Washington, 1911, pp. 500-570.

has distinctly advanced, and that, too, in a greater ratio than the wages of the employed.

The principal items that make up the cost of living are house rent, if one is a renter, the interest and other expenses chargeable on the amount invested in a dwelling, if one owns the house he lives in, clothing and food. Of all these items food is by far the largest in the ordinary family in the United States, being, according to the figures produced by the Bureau of Labor¹ 42.54 per cent. of the entire expenditure.

In this country, every one who either maintains a household or lives in a hotel or boarding house knows from personal experience that the cost of food has advanced very materially in the last few years. A report on the prices of food-stuffs was published by the United States Government.² The reports there given are of the wholesale prices only, but as retail prices follow the changes in the wholesale prices rather closely, the record of the

¹ *Bulletin of the Bureau of Labor*, No. 77, Washington, 1908, p. 198.

² "Wholesale Prices, 1890 to 1910," *Bulletin of the Bureau of Labor*, No. 93, Washington, 1911, pp. 309-324.

wholesale prices applies for all practical purposes to the retail prices as well. The food prices given are for forty-eight articles and comprise such staples as bread, meat, fish, sugar, salt, starch, molasses, vinegar, butter, milk, eggs, lard, and cheese. The advance is alarming, the increase in the average cost of food from 1896, when the lowest prices since 1890 prevailed, to 1910 being 53.6 per cent.; and in December, 1910 the average price was 53.8 per cent. higher than the average price for 1896. In December, 1910, the average price was 0.2 per cent. higher than the average price for 1910, and 3.4 per cent. higher than the average price in 1909.

A statement of the increase in the cost of foodstuffs compared with earnings was prepared in great detail by the Bureau of Labor,¹ but only covers the period from 1890 to 1907. From this it appears that the average retail price of thirty staple food commodities sold in the principal industrial localities of the United States, situated in thirty-two States and the District of Columbia, ad-

¹ *Bulletin of the Bureau of Labor*, No. 77, Washington, 1908, pp. 4-6.

vanced 26.3 per cent. from 1896 to 1907. The wages during this period, computed from data relating to the principal distinctive wage-working occupations in the leading manufacturing and mechanical industries of the United States, increased only 23 per cent., being higher in 1907 than during any year beginning with 1890; and a full week's earnings would buy 0.9 per cent. less food in 1907 than in 1906, and buy less than in any of the five years preceding 1906.

The Bureau of Labor brought its investigations of the increase in the price of foodstuffs down to and including the year 1911. Prices were obtained for fifteen staple food commodities sold in the thirty-nine principal industrial cities of the United States, situated in thirty-two States. From 1907 to 1911 the average price increased 14.8 per cent. In 1911 the first decrease since 1890 took place, the average price, however, being only 1.1 per cent. below that of 1910.¹ This seems to have been only a temporary condition, the latest *Bulletin* to

¹ "Retail Prices 1890 to 1911," *Bulletin of the United States Bureau of Labor*, Whole Number 105, Washington, 1912, pp. 5-19.

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be issued by the Bureau of Labor,¹ showing that during the first six months of 1912 the prices of foodstuffs again advanced, the average advance being 2.9 per cent. over 1911 and 2.1 per cent. over 1910. No authentic figures are at hand in regard to the increase in wages since 1907. The government has in preparation a report on the subject, but it has not yet been published. However, it is doubtful if wages advanced in the same ratio as the cost of living, except perhaps during a part of 1912, when there was an abnormal increase in the wages of common laborers in certain of the industrial centers, owing to the sudden expansion of industry following a period of comparative stagnation, when through lack of employment many of the foreign laborers had returned to their old homes in Europe. Already this condition has been remedied by a large influx of foreign immigration.

A knowledge of the cause of any trouble will often render the task of providing a remedy easier. In the last few years politi-

¹ "Retail Prices 1890 to June, 1912," *Bulletin of the United States Bureau of Labor*, Whole Number 106, Washington, 1912, p. 14.

cians and economic writers, as well as demagogues, have said that the increase in the cost of food was caused by the over-production of gold; that it was not caused by the over-production of gold, that it was brought about by the tariff, by cold storage, by the trusts. In 1906, however, the first public announcement of the most obvious cause of the increased cost of living was made to the world, and a warning given of the danger which menaced the welfare of the human race. James J. Hill, a colossus in American finance, and a practical political economist, was the man who sounded the alarm, and told of the unequal progress that was being made between industry and agriculture, and that the production of foodstuffs was not keeping pace with the increase in the numbers of the consuming class who were not producers. At the same time Mr. Hill gave notice that a readjustment must be had.¹ Since then hundreds of men and institutions, public and private, have been investigating the subject.² President Roosevelt became

¹ *Highways of Progress*, James J. Hill, New York, 1910, pp. 3-44.

² "The Cost of Living," Henry Pratt Fairchild, *The*

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interested, and in August, 1908, he appointed a commission on Country Life, which after holding hearings in various parts of the country from Massachusetts to Oregon and California, and from Minnesota to Texas, early the next year made its report¹ in which it suggested that there be made an exhaustive study or survey of all the conditions that surround the business of farming and the people who live in the country; that a national extension work be organized, and that a general campaign of rural progress be undertaken.

That Mr. Hill was correct in the theory

Popular Science Monthly, New York, April, 1911, pp. 377-380; "Food Prices and the Cost of Living," J. D. Magee, *The Journal of Political Economy*, Chicago, April, 1910, pp. 294-308; "Political Consistency and the Cost of Living," W. Jett Lauck, *The Journal of Political Economy*, Chicago, May, 1910, pp. 392-394; "The Price Fallacy of High Costs," Dr. Ralph H. Hess, *The Popular Science Monthly*, New York, June, 1912, pp. 493-498; "Is the High Cost of Living Going Higher?" Irving Fisher, *The North American Review*, New York, December, 1912, pp. 740-758; "The Rise in Prices and the Quantity Theory of Money," Prof. J. S. Nicholson, *The Quarterly Review*, London, October, 1912, pp. 482-498.

¹ *Report of the Country Life Commission*, Washington, 1909, pp. 13-65.

advanced by him is amply verified by the situation produced in the transition of such nations as England and Germany from agricultural to industrial countries, and by the changes now going on in such other European countries as Belgium, France, Austria-Hungary, and even Russia, where industry is making inroads on agriculture. The United States Government statistics are overwhelmingly in favor of Mr. Hill's idea. That the population of this country which produces the foodstuffs is not increasing in the same ratio as the population engaged in industry has been evident for some decades, as will be seen by even a cursory inspection of the *Bulletin* on the Population of Cities of the Thirteenth Census.¹ The figures show that in the last forty years the population of the cities as compared with that of the country has risen steadily: In 1880 it was 29.5 per cent.; in 1890, 36.1 per cent.; in 1900, 40.5 per cent., and, in 1910, 46.3 per cent. or nearly one half of the entire population of the United States. There being less persons relatively engaged in the production

¹ Thirteenth Census of the United States, 1910, *Bulletin*, "Population of Cities," p. 3.

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of food-stuffs than formerly, and the city or consuming population being greater in the same ratio that the farmers are less, the effect has become apparent in different ways. The high cost of foodstuffs has already been commented on. The great increase in the wealth of the people—largely the result of the expansion of industry—as indicated by the reports of the last three censuses, is another cause. In 1880 the per capita wealth of the country was \$870.20; in 1890, \$1035.57; in 1900, \$1164.79, and, while the figures for 1910 have not yet been published, the per capita wealth for that year will no doubt show an increase over 1900. This has led to extravagance in the expenditure of money which again is reflected in the higher cost of living. It is a well-known fact that man spends more money, whether he be a business man or a day laborer, when he has plenty than when he has little, and this is particularly true in regard to the money spent for food. Wheat being the leading staple article used for food, this impulse becomes apparent in the demand arising for that cereal. Also there occur in the United States since manufacturing and transporta-

tion have made such tremendous progress, years when business prosperity far exceeds that of other years, and again when business is in such a state of depression that in some of the manufacturing districts absolute want stalks abroad. These alternations necessarily mean that the demand for wheat fluctuates with business conditions, and that it increases or decreases according as industry is prosperous or otherwise.

The Department of Agriculture has prepared statements showing the amount of wheat consumed per capita for a period of years, which bear out the contention that the people consume more wheat when business is good than when it is bad.¹ In 1910, being the last year for which there is any report, when the per capita wheat consumption was only 5.03 bushels, there was a decided depression in manufacturing; in 1905, when the consumption was 6.14 bushels, the country was rapidly speeding toward that boom which collapsed two years later. The years

¹ *Crop Reporter*, published by authority of the Secretary of Agriculture, January, 1912, p. 6; *Foreign Commerce and Navigation of the United States for 1906*, Washington, 1907, p. 26.

1900, when the consumption was 4.74 bushels, and 1895, when it was 4.59 bushels, were both years of pronounced business depression. In the two years, 1890, when the consumption was 6.09 bushels, and 1885, when it was 6.77 bushels, the country was extremely prosperous. These figures do not furnish any proof of a permanent increase in the consumption of wheat, but they do indicate taking a year of high consumption like 1905, when it was 6.14 bushels per capita, and comparing it with a moderate year like 1910, when the per capita consumption was 5.03 bushels, that there are years, which occur frequently, when the per capita consumption of wheat is at least 1.11 bushels higher than in other years. This would make the consumption in years such as 1905 for the entire population (using the census returns for 1910 when the population was 91,972,266) 102,089,215 bushels higher than in years like 1910, an amount larger than the entire quantity of wheat exported either for the year 1905 when it was 97,609,000 bushels, or for the year 1910 when it was 69,311,000 bushels. There is current an expression of present-day business morality indicating

that during times of greatest demand the highest prices can be charged. Consequently these periodical increases in the consumption of wheat have a tendency to not only advance the prices for those years, but to also increase the average price for the periods of years of which they are part. The same cause that affects the price of wheat also influences the price of the other food commodities in an equal degree.

The last reason for believing that there is an unequal increase in the production of foodstuffs when compared with the increase of population is that for the last few years, while the crops have been up to the average, there has been a steady decline in the exports of the leading foodstuffs. The average number of bushels of wheat and flour exported annually in the five years ending June 30, 1909, was only 115,000,000 bushels as compared with 192,000,000 bushels exported in the five years ending June 30, 1904. This decrease in exports resulted in spite of an increase in the annual production from an average of 625,100,000 bushels for the five years ending with 1903 to 655,800,000 bushels for the five years ending with 1909.

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While the wheat harvest in 1909 was 737,000,000 bushels, a figure exceeded only once in the history of American wheat-growing, the exports for the fiscal year ending June 30, 1910, reached only 87,364,000 bushels, being the smallest since 1877, except during 1905, when the crop of 1904 was only 552,000,000 bushels. The exports of corn have also fallen off very largely. For the fiscal year 1910, although the crop of 2,772,000,000 bushels was the second largest recorded, only 36,800,000 bushels were exported, as against the average of 48,300,000 bushels for the five preceding years. Meat and dairy shipments fell from a value of \$192,802,000 in 1908, and from \$166,521,000 in 1909, to \$130,632,000 in 1910. Cattle and hog exports were of the value of only \$12,246,000 in 1910, as compared with \$18,190,000 in 1909 and \$29,646,000 in 1908.¹ There has been no improvement in this regard during the fiscal year 1911. While the exports of foodstuffs and meats taken together show an increase of \$12,000,000 for the year, the exports

¹ "The Changing Position of American Trade," Thomas A. Thacher, *The North American Review*, New York, October, 1910, pp. 486-492.

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of wheat alone fell from \$48,000,000 in 1910 to \$22,000,000 in 1911; fresh beef from \$7,750,000 in 1910 to \$4,500,000 in 1911, and live cattle from about \$18,000,000 in 1909 to \$13,000,000 in 1911.¹

¹ *Annual Review of the Foreign Commerce of the United States and Summary Tables of Commerce for 1911*, Washington, 1912, pp. 19-20.

CHAPTER VI

RELATIVE PROGRESS OF AGRICULTURE IN THE UNITED STATES

THE year 1880 was epochal in the United States in the production of the four leading foodstuffs, corn, wheat, oats, and barley. The production of these staple articles was greater in that year than in any previous year in the country's history. It was the year in which the emigrants who had swarmed into the West first made themselves felt in the provision markets of the world. There was a tremendous increase over the year 1870, which year, so far as corn and wheat were concerned, had been, like the year 1880, also epochal in the quantity of these cereals produced. The great increase in the ten years from 1870 to 1880 was brought about notwithstanding that during this period plagues of locusts appeared in the West, and the

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crops were again and again killed by droughts.

In those early years the percentage of increase in the production of the staple crops far exceeded the percentage of increase in the population. The year 1880 showed an increase over 1870 of 57 per cent. in the quantity of corn produced, 111 per cent. in wheat, 69 per cent. in oats, and 71 per cent. in barley. The increase in the population during the same decade was from 38,558,371 to 50,155,783, or 22.6 per cent.

By the time the next census was taken the pendulum had already swung to the other side, and the percentage of increase in population exceeded the percentage of increase in crops. For the ten years beginning with the phenomenal year 1880, the average annual production of corn was 1,680,696,000 bushels, as against 1,717,435,000 bushels in 1880, or a decrease of 2 per cent.; of wheat 439,766,000 bushels, as against 498,550,000 bushels in 1880, or a decrease of 12 per cent.; of oats 594,969,000 bushels, as against 417,885,000 bushels in 1880, or an increase of 42 per cent.; of barley 58,543,000 bushels, as against 45,165,000 bushels in 1880, or an

increase of 29 per cent. During this decade the population increased to 62,622,250, or 24.9 per cent. For the ten years beginning with 1890, the average annual production of corn was 1,896,629,000 bushels, or an increase of 13 per cent. over the average annual production for the preceding decade; wheat 515,374,000 bushels, or an increase of 17 per cent.; oats 726,709,000 bushels, or an increase of 22 per cent., and barley 70,975,000 bushels, or an increase of 19 per cent. During this decade the population of continental United States increased to 76,303,387, or 20.7 per cent. For the ten years beginning with 1900 the average annual production of corn was 2,565,000,000 bushels, or an increase of 35 per cent. over the average annual production for the preceding decade; wheat 676,830,000 bushels, or an increase of 31 per cent.; oats 901,718,000 bushels, or an increase of 24 per cent., and barley 148,492,000 bushels, or an increase of 109 per cent. During this decade the population of continental United States increased to 91,972,266, or 21.0 per cent. In 1911 the yield of corn was 2,531,488,000 bushels, wheat 621,338,000 bushels, oats 922,298,000 bushels, and barley 160,240,000

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bushels. The population in 1911 was estimated by the Census Bureau to be 93,792,509, or an increase over 1910 of 2 per cent.¹

Nor has the area used for farming increased in the last thirty years in the same ratio as the urban population. The increase in acreage from 1850 to 1900 was from 293,560,614 acres to 838,591,774 acres; and in 1910 it had risen to 878,798,325 acres. The increase from 1850 to 1860 was 38.7 per cent.; from 1860 to 1870, 1 per cent., the Civil War retarding farming as well as industry; from 1870 to 1880, 31.5 per cent.; from 1880 to 1890, 16.2 per cent.; from 1890 to 1900, 35 per cent., and from 1900 to 1910, when the greatest advance in the price of all food-stuffs took place, it was only 4.8 per cent.² The heaviest increases in acreage placed under cultivation were during the periods extending from 1850 to 1860, from 1870 to 1880, and from 1890 to 1900, and arose from the opening for settlement of the new govern-

¹ *Statistical Abstract of the United States, 1911*, Washington, 1912, p. 37.

² Thirteenth Census of the United States, 1910, *Bulletin*, "Agriculture, Abstract—Farms and Farm Property, by States," p. 19.

ment lands in the West, the lands taken up in the latest period being practically the last of the free government lands that were fit for agriculture. These figures show that the increase in acreage placed under cultivation from 1880 to 1910 was 63.9 per cent., while the increase in the population for the same period was 83.3 per cent., or almost 20 per cent. more than the increase in acreage.

According to the Thirteenth Census,¹ there were, in 1910, in the United States, 6,361,502 farms with an acreage of 878,798,325, of which 478,451,750 acres were improved. These farms were of an average size of 138.1 acres, and, of the total number, 4,006,826 were operated by owners and managers, and 2,354,676 by tenants. The data relating to the number of persons engaged in agricultural pursuits in 1910 have not yet been compiled by the Census Bureau, but in 1900, according to the census returns for that year, there were 10,381,765 persons over the age of ten years employed in agriculture. The value of the investments in farms in

¹ Thirteenth Census of the United States, 1910, *Bulletin*, "Agriculture, Abstract—Farms and Farm Property, by States," p. 1.

1910, including land, buildings, fences, machinery, implements, and live stock, was \$40,991,449,090, as against \$20,439,901,164 in 1900, or an increase of 100.5 per cent. in ten years. The Census Bureau explains that this enormous increase in the value of farm property arose from the increase in the value of land, which rose from \$15.57 per acre in 1900 to \$32.40 per acre in 1910; from farm buildings, which increased 77.8 per cent.; from implements and machinery, which increased 68.7 per cent., and from live stock, which increased 60.1 per cent. These increases again were probably brought about by reason of the fact that all over the United States men who had accumulated wealth in industry, became possessed of the desire for owning country places, and bought farms, causing an advance in farm lands by their purchases; and they have been investing large sums in improvements and in live stock.

The productivity of the land has increased in the last twenty years, as is indicated by the report of the Secretary of Agriculture for 1910.¹ In this he says:

¹ *Yearbook of the United States Department of Agriculture, 1910*, Washington, 1911, pp. 27-28.

Dividing the period from 1866 to 1909 into four decades and a succeeding short period of four years, the yield per acre of corn is shown by a study made in the Bureau of Statistics to have declined 2.3 per cent. from the first decade to the second, declined 8.2 per cent. from the second to the third, increased 7.7 per cent. from the third to the fourth, and increased 7.1 per cent. from the fourth decade to the succeeding four-year period.

The Secretary of Agriculture further points out that wheat increased 6.3 per cent. from the third to the fourth decade and 9.6 per cent. from the fourth decade to the final four-year period; cotton, for the same periods, increased 3.8 per cent. and 0.3 per cent. respectively, and tobacco 5.2 per cent. and 9.7 per cent. respectively. An increase is also shown to have taken place in five other leading crops, namely, barley, rye, buckwheat, hay, and potatoes.

From a material point of view, farming has not been profitable, and man—however ethical writers may condemn the idea—insists that the occupation in which he is engaged be remunerative. According to the De-

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partment of Agriculture,¹ the entire value of the farm products of the United States in 1910 was \$8,694,000,000. This amount was earned on the farm valuation of \$40,991,449,090, while the product of manufacturing in the same year,² on a capital invested amounting to \$18,428,270,000, reached the enormous total of \$20,672,052,000, or almost two and a half times as much as the value of the farm products, on a capital less than one half that invested in farming.

Until the introduction of the factory system in industry, agriculture was the calling followed by the vast majority of the peoples of the world. Wherever industry existed at all, it was conducted as an adjunct of, or in connection with agriculture. When agriculture required it, work was done on the farm; any spare time was devoted to the industry in which the family was proficient. With the advent in England of the inventions in spinning machinery driven by water-power, horse-power, or wind-power, toward the middle of the eighteenth century, and the

¹ *Statistical Abstract of the United States, 1911*, Washington, 1912, p. 160.

² Thirteenth Census of the United States, 1910, *Bulletin*, "Manufactures," p. 3.

introduction of the power-loom in weaving a few years later, the private system of spinning and weaving in the home, whether by the wage-earner himself or by his wife or daughters, gave way to a new method, called the factory system, in which all the machinery and the workmen were placed under one roof. Every other industry in England soon followed in the wake of the textile industries, and the factory system became universal there, and was extended into Continental Europe and the United States.

There was a demand for labor in the factories, and people began to leave the farm to take employment with the newly established industrial enterprises. The scale of production in the factories was increased; and the time came when the age of steam was ushered in, and the progress of industry was still more rapid, and still more people were drawn away from the farm. When the use of steam-driven machinery became general, which occurred in the United States in 1850,¹ so many new avenues of enterprise were opened that the energetic, the ambitious, and

¹ *Twelfth Census of the United States, 1900*, vol. vii., "Manufactures," part i., Washington, 1902, p. 53.

the restless began to leave the farm in flocks. Industry moved forward with giant strides; a superior class of men grew up in the industries. Inventors were everywhere bringing forward new machines and discovering new processes of manufacture. New wealth was created, new towns sprang up, old towns grew rapidly in size and importance. Surprising tales were told on the farms, of the wealth and refinement and pleasure to be found in the towns. There was a fascination about the towns which enticed the best blood of the country away from the inactive civilization existing on the farm.

This movement has been going on for nearly a century, advancing with lightning rapidity from decade to decade, and the progress still being made is wonderful to contemplate. There are machines which do their work with almost human skill. New industries are constantly being introduced as the advancing civilization acquires new wants. Manufacturing has become more and more specialized, and in the last few years another important step was taken in industrial progress, when the nation-wide movement for greater efficiency, so extensively

heralded in the public prints, was introduced in manufacturing. A class of persons and firms and corporations has also appeared whose business it is to inaugurate methods for bringing about higher standards of efficiency in all lines of industry, transportation, and mercantile business.

Practically all the foodstuffs consumed are the result of agriculture, yet what has been the relative state of agriculture during this era of industrial progress? As indicative of the condition of farming, even in recent years, it is of interest to note that until the invention of the cast-iron plough in 1797, the only plough in use was one made of wood, which Charles L. Flint¹ says was not unlike the ploughs used by the Romans before the Christian Era. Stationary as farming appears to have been when compared with the progress made in industry, its improvement has engaged the attention of statesmen from the earliest period of the country's history. In 1796, President George Washington, in his last annual address to

¹ "Agriculture in the United States," Charles L. Flint, *Eighty Years' Progress of the United States*, Hartford, Conn., 1867, pp. 30-31.

Congress, spoke of the advisability of establishing boards for "collecting and diffusing information," whereby the government would be "enabled by premiums and small pecuniary aids to encourage and assist a spirit of discovery and improvement."

Agricultural societies were formed early in the history of the country, but that they were the result of the effort of President Washington does not appear. The cotton-gin, a machine for separating the fiber or lint from the cotton seed, was already used in the South near the close of the eighteenth century. Seventy or eighty years ago the threshing machine superseded the flail, the reaping machine the cradle, the mowing machine the scythe; also there were invented horse-rakes and horse-harrows. Agricultural machinery is constantly being improved, and new machines invented. In many schools and colleges the teaching of agriculture is now an exclusive or an integral part of the curriculum. Numerous agricultural journals and magazines are being published, as are many books treating on the same subject.

In recent years improved conditions in farming life were many times agitated.

Forty years ago Horace Greeley, a great editor but only an amateur farmer, wrote his famous book, *What I Know of Farming*,¹ in which he told, in the vigorous language for which he was noted, of the deficiencies of country life; explained how farming might be improved, and enlarged on the benefits of living on a farm. He kept many a man on the farm, and induced many another to turn his face away from the sordid city toward the green fields of the country. The people were grateful to Horace Greeley, and, in 1872, some of the wise men of the land selected him as their candidate for President, and not the least of their reasons for doing so was because of his affiliation with the country life. Less than fifteen years ago Prince Peter Kropotkin, a Russian noble, a nihilist and exile, residing in England, a writer of acknowledged ability, with only a scientific bent of mind to qualify him, gave to the world his *Fields, Factories, and Workshops*,² in which he outlined a

¹ *What I Know of Farming*, Horace Greeley, New York, 1871, pp. 1-321.

² *Fields, Factories, and Workshops*, P. Kropotkin, New York, 1901, pp. 1-220.

new and ingenious scheme for improving agriculture.

Considerable legislation has been enacted for the advancement of agriculture. In 1862, in the midst of the Civil War, several important steps were taken by the national government in the interest of farming. During that year an act was passed donating vast tracts of the public lands to the several States and territories, the proceeds of the sale of which were to be used for "the endowment, support, and maintenance" of colleges where the principal branches of learning were to be those relating to agriculture and the mechanic arts. A second act was passed in 1890, giving \$25,000 a year to such colleges, which act was amended in 1907 and the amount increased, so that now the sum of \$50,000 is paid every year to each State and territory for the use of these colleges; and at least sixty-seven such institutions have been organized and are now in operation, in pursuance of these laws. The other law enacted in 1862, for the benefit of the farmers, was the one creating a Department of Agriculture, making it a bureau of the Interior Department, with a

commissioner, entomologist, and superintendent. In 1889, this bureau had so far increased in importance that it became an executive department, the head of which was called Secretary of Agriculture, with a seat in the President's Cabinet. The growth of this department in usefulness has been rapid, and under efficient management it has been lighting the way for every one interested in the advance of agriculture. From the time that James Wilson became its head in 1897 to 1912, the number of the employees increased from 2444 to 13,858, while the appropriations rose from \$3,272,902 to almost \$25,000,000. The requests addressed to the department increased during this time from 500 weekly to more than 52,000, the publications from 424, aggregating 6,541,210 copies, to 2110, aggregating 34,678,557 copies.¹ An incalculable amount of good has also been accomplished by this department through almost seventy experimental stations conducted under its direction.

In many of the older Eastern and Middle States, legislation has also been enacted,

¹ *Report of the Secretary of Agriculture, 1912*, Washington, 1912, pp. 114-116.

largely since the perfection of the automobile, for the improvement of roads, and every year new roads have been opened and old ones improved, and the facilities of the farmers for getting their produce to market have been greatly improved.

Other legislation of that substantial character which alone is effective was enacted by which invaluable benefits were conferred upon agriculture. In 1890, the Western farmers had become so radical, that the Farmers' Alliance, bursting the chrysalis of non-partisanship in which it had been enveloped, entered the political arena as the Populist party, and raging over the West like one of its old-time prairie fires, took the control of State after State away from the Republican party to which the farmers had until then been most loyal; and the Farmers' Alliance began bending its energies toward the formation of a national organization. The West had always been rather dubious in regard to the benefits to be derived by it from a high protective tariff. For years, prior to this time, it had been struggling with the problem of introducing the culture of the sugar beet, and of engaging in the manufac-

ture of sugar from the same, which had been so successfully carried on in Europe, the introduction of which the Department of Agriculture and writers on agricultural topics had been urging for years. Numerous feeble attempts had ended in failure. In 1880, according to the census report for 1900,¹ there were, in the United States, four beet-sugar factories, with a capitalization of \$365,000, and an annual production valued at \$282,572. In 1890 the number of factories had dwindled to two, and the production of beet sugar was so insignificant that the census reports give scarcely any details of the industry as it existed at that time. The Republican party was in control of both houses of Congress, and was in the midst of the preparation of a new tariff bill. If it could win back the prodigals by so framing the tariff bill as to assist the struggling beet-sugar industry by some such device as that employed in Germany, Austria-Hungary, France, Russia, Belgium, Italy, and Sweden, where the beet-sugar industry was being stimulated by the payment of bounties on all

¹ *Twelfth Census of the United States*, "Manufactures," part iii., Washington, 1908, p. 445.

sugar exported, it would give the Western farmers an object-lesson in the value of protection, and make them permanent converts to the protective system. Instead of placing a duty on the sugar imported, as hitherto had been the custom, a law was enacted which provided for the payment of a bounty of two cents a pound on all sugar produced.¹ The growth of sugar beets in the West, as well as the growth of sugar cane in Louisiana, was greatly stimulated. Men with capital and of tried business experience went into the manufacture of beet sugar, in many cases bringing experts from abroad to plan and operate the factories which they established. Contracts for long periods were entered into with the farmers for growing beets, by which large tracts of land were brought into profitable cultivation, and the farmers given an annual fixed revenue. Men who had hesitated about going into the business of manufacturing beet sugar now spent their money lavishly in constructing and equipping fac-

¹ *American Tariff Controversies in the Nineteenth Century*, Edward Stanwood, vol. ii., Boston, 1903, pp. 243-295; *The Tariff History of the United States*, F. W. Taussig, fifth edition, 1909, New York, pp. 251-283.

tories. The government bounty enabled them to pass the experimental stage in safety and place the industry on a successful commercial basis. The law was only on the statute books until August 24, 1894, at which time the Democratic party had come into power, and repealed the law by the enactment of another in its place. Although the Democratic party was traditionally for free trade, through the intervention of the representatives in Congress from Louisiana, the great sugar-cane-growing State, the new law was so framed as to again place a duty on the sugar imported. During the four years that the law of 1890 was in force, the sum of \$28,818,148 was paid out in bounties, a fair share of which was paid to the beet-sugar manufacturers.

The results obtained in the beet-sugar industry, by the operation of the tariff law of 1890, also had a strong local bearing in the States where the culture of sugar beets had been introduced. After the national government discontinued the payment of bounties on sugar, some of the Western and North Central States, realizing the benefits already derived from the payment of bounties on

beet sugar, took up the question, and also paid bounties, some on the sugar beets grown within their borders, others on the beet sugar manufactured. Minnesota, by the acts of its General Assembly passed in 1895 and 1899, provided a bounty of one cent a pound on all beet sugar manufactured in that State. Both acts were declared unconstitutional, on the ground that the purpose of the payment of the bounties was not a public one.¹ In 1897, Michigan enacted a law similar to the Minnesota laws. This law was also held to be unconstitutional.² Idaho enacted a law for the payment of a cent a pound on all sugar manufactured, for the first year of the establishment of the beet-sugar manufactory. In Kansas the law provides for the payment of one dollar a ton on all sugar beets grown in that State.

At the present time, nothing can disturb the beet-sugar industry, unless it would be adverse tariff legislation, it being as firmly established as is the manufacture of iron and steel, glass, and a hundred other staple arti-

¹ Minnesota Sugar Co. *vs.* Iverson, 91 Minn., 30.

² Sugar Company *vs.* Auditor General, 124 Mich., 674.

cles. The census report for 1910¹ shows that in 1899, the first year after the enactment of the tariff law of 1890 for which statistics of the beet-sugar industry are available, there were thirty beet-sugar factories in operation in the United States, with a capitalization of \$20,142,000, and that there were planted 135,305 acres of sugar beets, producing sugar of the value of \$7,323,875; in 1904, fifty-one factories, with a capitalization of \$55,923,000, and that there were planted 240,787 acres, producing sugar of the value of \$24,393,794; in 1909, fifty-eight factories, with a capitalization of \$120,629,000, and that there were planted 415,964 acres, producing sugar of the value of \$48,122,383. In 1912, the beet-sugar factories had increased to sixty-six, and the acreage devoted to the culture of sugar beets to 473,877 acres.² In 1909, the beet sugar produced in the United States was 60.6 per cent. of the total production of sugar, as against 39.4 per cent. manufactured from

¹ Thirteenth Census of the United States, 1910, *Bulletin*, "Manufactures," pp. 38-39, 74.

² *Report of the Secretary of Agriculture, 1912*, Washington, 1912, p. 135.

cane of domestic growth. The census report for 1910 also discloses the fact that the farmers received for the beets grown by them in 1909 the large sum of \$20,857,000. The tariff law of 1890 did more for the farmers than to establish the beet-sugar industry. It brought them into daily contact with men of affairs, who were employing the best business methods, a fact which could not help but have a pronounced influence in deciding the farmers to employ like methods in the conduct of their farms.

Generally speaking, the farmers of the United States are apathetic, and lack the power of initiative, or at least are timid about exercising it. They are too indifferent to assert themselves and to rise in their might and show what sleeping lions they are. When spurred on by dire necessity, they have occasionally adopted modern business methods, which serve as illustrations of what can be accomplished by intelligent effort. The work done by the tobacco-growers of Kentucky and Tennessee in this respect, since 1904, deserves more than passing notice. The basis of the movement was coöperation; and a business man of experience, who was

interested in tobacco-growing, was the father of the organization. It was a union of the growers of the Black Patch tobacco, and was in the form of a corporation, in which the growers held the stock, and was called the Planters' Protective Association of Virginia, Kentucky, and Tennessee. Under this plan, the farmer delivers his tobacco to the association, which presses it into hogsheads for delivery to authorized warehouses. It is graded, prices are fixed, and the tobacco is sold by the association. The Planters' Protective Association has not only exerted an educative influence on its members, by teaching them how to improve their tobacco, but it has assisted them in obtaining a much higher price than formerly. In 1907, the growers of the Burley tobacco also formed an association called the Burley Society; and together the two organizations control the output of the tobacco fields of Kentucky and Tennessee. That, to some extent, both associations, fell into disrepute, by reason of the acts of violence and murder which were committed in 1908, in certain parts of Kentucky and Tennessee, by roving bands of "night riders," is not a fault of the plan,

but is due rather to the character of the people and the lax administration of the laws.¹ To attribute the lawlessness to defects in the scheme of organization would be as unreasonable as to condemn all labor unions simply because the International Union of Bridge and Structural Iron Workers executed a dynamite campaign against employers of non-union labor, in the course of which it destroyed much valuable property and sacrificed at least twenty-one human lives.

On the Pacific Coast and in the Western States, they have organizations which resemble the Planters' Protective Association and the Burley Society. These also are generally incorporated, and are organized to handle the apple production in the States of Washington, Oregon, Colorado, and Kansas. Like their Southern prototypes, they partake of the attributes of a selling agency for the crops of all of their members, and like those organizations have rules for handling, sorting, wrapping, packing, and shipping the fruit, which the members are required to

¹ "The Tobacco Pools of Kentucky and Tennessee," Anna Youngman, *Journal of Political Economy*, Chicago, January, 1910, pp. 34-49.

observe. They also sometimes employ men with expert knowledge to teach the members the best and most scientific manner of raising the fruit.

California is preëminent as a grower of deciduous fruits, such as peaches, pears, plums, prunes, table grapes, and cherries. It is an industry of great moment, and, by reason of its magnitude, the growers have had greater experience in coöperative handling than the growers of any other fruits in the country. The most successful organizations are the California Fruit Distributors, a league of shippers and growers, and the California Fresh Fruit Exchange, the latter being enrolled as a member of the former, the two controlling a majority of the deciduous fruits grown in the State. Much of the success of the California Fresh Fruit Exchange is due to the fact that from the first it advanced money upon crop mortgages. In this and other particulars, its managers have shown an appreciation of the fact that, to survive in a competitive business, a coöperative organization needs all the elasticity of a private concern.¹

¹ "Coöperative Marketing of California Fresh Fruit,"

The California Fruit Growers Exchange is an organization for handling the citrous fruits of California, which are mainly oranges and lemons, and represents about 6000 growers, who have organized themselves into a hundred or more local associations on a non-profit basis. It is the most powerful and successful organization to be found in any agricultural industry in the United States, if not in the world, acting as agent in distributing \$15,000,000 worth of fruit each year. In Florida the citrous-fruit growers, and in western New York the grape-growers, have their organizations, as have the Georgia peach-shippers.¹ There have been other coöperative associations among the farmers, but they were mainly ephemeral in character, and never attained the success of those previously enumerated.

Fred Wilbur Powell, *Quarterly Journal of Economics*, Cambridge, Mass., February, 1910, pp. 392-418.

¹ "Coöperation in the Handling and Marketing of Fruit," G. Harold Powell, *Yearbook of the United States Department of Agriculture*, 1910, Washington, 1911, pp. 391-406.

CHAPTER VII

MODERN AGRICULTURE IN ENGLAND, GERMANY, AND DENMARK

THE alarming rise in the cost of foodstuffs in recent years has set in motion, in the United States, a nation-wide movement, having for its object the regeneration of farming; the aim on the one hand being to make agriculture more profitable, and, on the other hand, to bring about a reduction in the price of the articles produced on the farm. The latter purpose, according to general opinion, can be effected only by an increase in the amount of foodstuffs produced. With this object in view, hundreds of individuals, lawyers, clergymen, scientists, teachers, bankers, business men, and farmers, as well as corporations, have undertaken the task of bringing about the improvement of agriculture. The newspapers and magazines teem with articles on the subject. The

Pennsylvania Railroad Company, in the eastern part of the United States, operates demonstration trains supplied with teachers from the agricultural colleges, employed to instruct the farmers in improved methods of farming. Pamphlets on every branch of agriculture are supplied free of cost; a new agricultural literature is being created. In some of the Southern and Western States the railroads are doing a similar work.

In times past, this country borrowed many ideas from Europe and improved upon them. Such was the case in the textile industries, it was true in iron- and steel-making, in glass-making, in coal-mining. The same results could be accomplished in agriculture if America would again turn to Europe and study that continent's agricultural methods.

The condition to which Mr. Hill referred, when he told the people of the United States that they were menaced by the danger of being, at some future time, unable to raise sufficient foodstuffs for their own use, has for years been an actuality in several of the principal countries of Europe. The two leading manufacturing nations in Europe,

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England and Germany, have long since passed the stage of being producers of all the foodstuffs which they consume, to that of food importers. The statesmen of both countries became cognizant many years ago of the direction in which their countries were drifting, and took steps to improve farming, in order that what was deemed inevitable would not come to pass, or, at least, would be postponed. At the outbreak of the French Revolution, England was producing barely sufficient foodstuffs to support her people. When she became embroiled in the Napoleonic wars, and the markets of Continental Europe from which she might have drawn a part of her supplies were closed to her by Napoleon, she suddenly realized that she did not grow enough foodstuffs to feed her people. She set about devising improved methods of agriculture, by the aid of which it was expected to greatly increase her production of foodstuffs. Until this time, farming had been carried on largely by the antiquated and wasteful open-field system, under which the fields were subdivided into unfenced strips of about an acre, those belonging to one

family often being scattered over a considerable area. This system was changed into that of inclosure, by which each man's holdings were placed together in one tract and inclosed by a fence. In 1801, the General Inclosure Act was passed which made it much less burdensome and expensive than the inclosures effected under the older methods by special acts of Parliament. Under the act of 1801 alone, 119 acts for the inclosure of land were passed, and an area of probably 300,000 acres inclosed. From 1801 to 1810, 906 inclosure acts were passed. The movement resulted also in great tracts of moor and fen land being reduced to severalty ownership and cultivated. The crops were greatly increased.

The second attempt to improve agriculture was by the enactment in 1815 of the famous Corn Laws, occasioned by the return of peace, which brought about a sudden drop in the prices of foodstuffs and a consequent great distress among the farmers. These laws prohibited the importation of corn until the price had reached eighty shillings per quarter. The laws remained in force until 1846, when the manufacturing interests,

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having become sufficiently powerful, compelled their repeal.

In later years, England enacted further agricultural legislation. The Agricultural Rates Law, passed "in order to place agricultural lands in their right position as compared with other ratable properties," became a law in 1896, and although only applicable for a limited period of years, relieved agricultural lands of half the local rates, and provided for making good the deficiency in the local taxation caused thereby, out of the Imperial funds.

In 1908, the English Parliament also enacted the consolidating act for the creation of small holdings and allotments, the object of which was to assist the laboring classes in acquiring small holdings of land. Under this act the county councils were authorized to acquire land, through compulsion if necessary, to be relet by them to suitable tenants in small holdings and allotments, a small holding being from one to fifty acres, and an allotment not to exceed five acres. The tenants have the privilege of purchasing on easy terms. The parish or other local council also has the power to supply allotments

up to five acres.¹ So anxious were the people to obtain the benefit of this law that by December, 1910, there were nearly 31,000 applicants for small holdings, requiring 500,000 acres of land. As but one fifth of that amount of acreage had been acquired, there was land sufficient for only about 7000 holdings. At this time 28,000 acres had been purchased or leased and sublet in allotments to more than 100,000 tenants.²

Germany remained an agricultural nation many years longer than England. In Germany, agriculture and literature and philosophy always seemed to go hand in hand, and part of Germany farmed, and the rest wrote books on philosophy, or indited poetry or romances, or reveled in art or music, and dreamed of Germany's future greatness. In 1870 and 1871, Germany fought a bloody war with France, her ancient enemy who had humbled her into the

¹ "Small Holdings and Agricultural Coöperation in England," C. R. Fay, *The Quarterly Journal of Economics*, Cambridge, Mass., May, 1910, pp. 499-514.

² "The Land of Fulfillment," Samuel P. Orth, *World's Work*, New York, July, 1912, pp. 337-352.

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dust seventy years before, and was successful. She left off dreaming, and organized a representative government; her national life changed, and the conquerors of France became the conquerors of industry. In 1880 she had ceased to be an agricultural nation; she no longer had a surplus population to send, by hundreds of thousands annually, as emigrants across the seas, to make new homes for themselves in foreign lands. Her emigration fell to less than twenty-five thousand a year; and even this number is more than offset by the immigrants who come to her annually. She needs all her people at home.

The success of Germany in industry, however, also brought about a new condition under which she could no longer produce foodstuffs sufficient to feed her people. The economic character of the country changed, and she was transformed into a manufacturing nation. She now imports annually many million dollars' worth of foodstuffs, receiving from the United States alone, in 1908, the banner year so far as imports of wheat from this country into Germany were concerned, wheat to the value of \$12,713,649

and flour to the value of \$3,021,658. Germany saw the wisdom of enacting laws for the improvement of her agriculture. She now believed in a protective tariff and, from 1879 on, levied a tariff on articles of agriculture. On wheat and rye imported, a duty of one mark per 100 kilograms (about $3\frac{3}{4}$ bushels) was levied. This duty was increased from time to time until it had been raised to 5 marks per 100 kilograms on rye, and 5.50 marks on wheat. The duty on live stock and meats was also largely increased over what it had been originally fixed in 1879.¹

The agriculture of Germany has continued to prosper, notwithstanding that the immense development of industry reduced the percentage of the population living in the country and small towns, from 76.3 per cent. in 1871 to 57.74 per cent. in 1900, while the population living in the cities and large towns rose from 23.7 per cent. in 1871 to 42.26 per cent. in 1900. Since 1900, the movement from the country to the city has shown a still greater percentage of increase

¹ *Die Entwicklung der wirtschaftspolitischen Ideen im 19. Jahrhundert*, Eugen von Philippovich, Tübingen, 1910, p. 106.

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in favor of the city. The land under cultivation in 1900, exclusive of that used for forests and plantations, notwithstanding the movement to the cities and towns, was 64.6 per cent., as against 62.7 per cent. in 1883, when the exodus first became marked.

The movement for the encouragement of persons desirous of acquiring small holdings of land began in Germany long before this occurred in England. In Prussia, under the laws of 1890 and 1891, the State may purchase land for division into small peasant properties, which are transferred to small proprietors on the payment of an annual rent-charge fixed in money, or in wheat payable in money. Part of the rent-charge is irredeemable, the redeemable portion being received in payments spread over $56\frac{1}{2}$ years. The properties cannot be subdivided or encumbered, and, to prevent speculation, they cannot be sold without the consent of the government. The State also makes loans to the owners for the building of houses.

O. Eltzbacher in his *Modern Germany*,¹ although the book is written from an English

¹ *Modern Germany*, O. Eltzbacher, London, 1905, pp. 1-337.

point of view, and with an Englishman's bias, gives a painstaking and well-balanced account of the recent history and present condition of agriculture in Germany. To the studious habits, and the adaptability of the Germans to new ideas, and to their proverbial thoroughness, German agriculture owes its present healthy condition. England had long been in the lead in agriculture, and it was the description of English modes of farming, and of English agricultural implements, printed in Germany, that pointed the way for the improvement of German farming. Experimental stations on the English model were established. Now there are not less than seventy such stations in Germany, while England has still only two. Germany also struck out on an original line. In 1840, her great chemist, Justus von Liebig, published his celebrated work, *Organic Chemistry Applied to Agriculture and Physiology*; and agriculture entered on a new phase. From that time forward its rise was rapid, the result of the education of the people in agriculture. For this purpose she established many educational establishments where farming is taught. England, the mother of modern

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agriculture, has, all told, seventeen institutions devoted in whole or in part to giving instruction in agriculture. Germany presents a far different aspect, according to Mr. Eltzbacher:

In Prussia alone there are nine agricultural high schools, where about 2500 pupils are trained by 202 teachers. According to the latest return, these high schools were attended by 1852 German students and by no less than 569 foreigners. The State aids these high schools with grants of £40,860 per annum. Besides these high schools, there are 202 ambulant lecturers provided by the State, who teach scientific agriculture. Furthermore there are in Germany 269 other agricultural schools with 1803 teachers and 15,811 pupils, and facilities are provided in every direction for spreading the scientific knowledge of agriculture far and wide. Many teachers in rural elementary schools voluntarily study agriculture in the high schools in order to be able to teach some useful and valuable things to the country children and their parents. The Prussian Ministry of Agriculture spends yearly about £200,000 on agricultural education in all its branches, and the sum total spent by all the German governments and local authorities in this direction must be about £500,000.

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The land under cultivation for the leading staple crops in England for the last forty years has been constantly diminishing. The area devoted to the cultivation of wheat, barley, oats, rye, beans, and peas, which in 1875 was 11,399,030 acres, had, in 1905, fallen to 8,333,770 acres, or 27 per cent. The area devoted to garden crops, such as potatoes, turnips and swedes, mangel, cabbage, kohl-rabi, rape, vetches, tares, and other green crops, fell from 5,057,029 acres in 1875 to 4,144,374 acres in 1905. In Germany, notwithstanding her evolution, during this period, from an agricultural to a manufacturing state, the area under cultivation for corn and green crops rose from 22,424,570 hectares (a hectare is 2.471 acres) in 1883 to 23,488,780 hectares in 1900; and the land used for garden crops from 415,950 hectares to 482,790 hectares. Grass-lands decreased during this period from 3,336,830 hectares to 2,285,740 hectares, the decrease in area being about the same as that taken up by the increased amount of land used for cereals and garden crops. The population of the agricultural districts declined only slightly, and when compared with Great Britain, insig-

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nificantly. The rural laboring population of Germany has likewise declined but little. At the census of 1882, there were, male and female, 5,763,970 farm laborers, while at the census of 1895, there were 5,445,924, being a decrease of 318,046. This was but $5\frac{1}{2}$ per cent., while the decrease in the farm laborers of Great Britain during the same period was 30 per cent. The loss in German farm laborers is altogether made up by the annual influx from Austria-Hungary and Russia of from 200,000 to 400,000 farm laborers who are attracted by the higher wages paid in Germany. Live stock has increased in Germany: horses from 3,352,231 in 1873 to 4,184,099 in 1900; cattle from 15,776,702 in 1873 to 19,001,106 in 1900; pigs from 7,124,088 in 1873 to 16,758,436 in 1900. The number of sheep has declined, owing to the shrinkage of the pasture lands, from 24,999,406 in 1873 to 9,672,143 in 1900.

Scientific methods of procedure, which have done so much for German manufactures, attracted the admiration of that eminent inventor, Thomas A. Edison, during a recent visit to Germany. On his return, in an interview intended to incite his fellow-coun-

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trymen to adopt better methods in industry,¹ he declared that American factories have a "champagne atmosphere"; that in this country we shout "Hurrah, boys! Whoop her up!" that comparatively speaking we do things in a rough and tumble way; while in Germany they follow out their problems in long and patient scientific research; that they are tireless in getting from their factories every product possible, and in producing goods as nearly perfect as they can make them.

The same thoroughness that Mr. Edison discovered in manufacturing is employed in agriculture. Not only has the land under cultivation been extended, but the quantity of crops raised on a given area has been greatly increased in recent years. Mr. Eltzbacher prints the following comparative table, which gives the yield of six staple crops per hectare, in kilograms:

	Wheat	Rye	Barley	Oats	Potatoes	Hay
1893	1,670	1,490	1,480	1,070	13,410	2,230
1898	1,840	1,520	1,730	1,690	11,920	4,380
1903	1,970	1,650	1,950	1,840	13,250	4,450

¹"What Edison Saw in German Plants," Edward Mott Wooley, *Factory*, Chicago, May, 1912, pp. 351-352, 380-381.

The constant improvement in agriculture has resulted also largely from the ever increasing use of commercial fertilizers. How this has been growing of late years is indicated in the following statistics of the fertilizers used from 1890 to 1910:

	1890	1900	1910	Value, 1910
	Tons.	Tons.	Tons.	
Bone dust	99,000	63,462	81,063	\$ 1,830,000
Guano, natural and artificial. . .	45,888	37,450	40,270	1,160,000
Superphosphates	500,000	754,944	1,267,060	21,080,000
Thomas meal	400,000	878,917	1,428,633	15,280,000
Chile salt-peter	247,815	352,785	542,137	25,910,000
Ammonium sulphate	60,000	117,638	268,330	15,320,000
Potash salts	217,071	833,472	2,219,037	11,060,000
Various (estimated)	50,000	50,000	60,000	2,850,000
Total	1,619,774	3,088,668	5,906,530	\$94,490,000 ¹

¹ "Maintaining Soil Fertility in Germany," A. M. Thackara, *Daily Consular and Trade Reports*, May 21, 1913, p. 936.

Although the quality of the soil of Germany is much poorer than that of England, and the climate less favorable for agriculture, if the same rate of improvement is continued, Germany will soon equal or surpass England. The knowledge which her people possess of chemistry has enabled them to use the crops produced to the best commercial advantage and to devise new and greatly improved processes for the utilization of every particle. The improvement in the method of producing sugar out of the sugar beet is a notable instance of what has been accomplished in this direction, and the results are almost marvelous, as is apparent from the table taken from Mr. Eltzbacher's book:

	Percentage of Raw Sugar Extracted from Beet	Production of Sugar in Germany
1875-6	8.60	358,048 tons
1880-1	9.04	573,030 "
1885-6	11.85	838,105 "
1890-1	12.54	1,336,221 "
1895-6	14.02	1,637,057 "
1900-1	18.86	1,970,000 "

In passing the Small Holdings and Allotments Act of 1908, and the earlier acts of the

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same character which are on her statute books, England was putting into practice lessons learned from Denmark, the model small-farm country of Europe. In Denmark, education has not only made the people excellent farmers, but it has taught them how best to use their produce and to buy their supplies.¹ They have their coöperative dairies, coöperative bacon factories, coöperative egg export societies, and coöperative societies for purchasing supplies for the farm. In 1899 and in 1904, the government stimulated the small-farm movement, which had been assisted for more than half a century by the credit associations in existence in Denmark, by enacting laws which enabled the peasants to borrow money from the government with which to buy land. The value of each purchase is limited to \$1600, and the size of the estate so purchased ranges from eight to twelve acres. The purchasers are required to furnish only

¹ "A Commonwealth Ruled by Farmers," Frederick C. Howe, *The Outlook*, New York, February 26, 1910, pp. 441-450; "Danish Life in Town and Country," Jessie Brochner, New York, 1907, pp. 221-235; "Social Denmark," *The Quarterly Journal of Economics*, Cambridge, Mass., November, 1912, pp. 50-55.

one tenth of the purchase money, the government supplying the other nine tenths, charging four per cent. annually, three per cent. being interest on the purchase price, and the other one per cent. for the payment of the loan. The only disadvantage of these laws, like the disadvantage of the English Small Holdings and Allotments acts, and the Prussian land purchase laws, has been that they have had the effect of increasing the price of all land in the districts where purchases are contemplated, the consequence being that the purchasers are required to pay higher prices than the land would otherwise sell for.

CHAPTER VIII

SUGGESTIONS FOR THE IMPROVEMENT OF AMERICAN AGRICULTURE

IN both England and Germany, agriculture has reached a higher state of development than in the United States. In England, 32.2 bushels of wheat are raised to the acre and in Germany 28 bushels, while in the United States only 14.1 bushels are grown. In England and Germany, also, a much larger percentage of the total area is under cultivation than in the United States. England and Wales have an area of 37,327,479 acres, of which the average area under cultivation is about 76 per cent. Germany has an area of 133,619,206 acres, of which 64.6 per cent. is under cultivation, not including the cultivated land classed as forest and plantation, which amounts to about 26 per cent. more. In the United States, out of a total

area of 1,903,289,600 acres, only 878,798,325 acres are in farms, of which 478,451,750 acres, or 25.1 per cent. of the whole area, are improved. This country can do as well as England, both in the volume of crops raised to the acre, and in the percentage of the total area of land placed under cultivation. If, however, it should only equal Germany, and, taking wheat for example, raise 28 bushels to the acre, and cultivate 64.6 per cent. of the total area, it would increase its wheat crop about five and three-fourth times over what it was in 1911, or instead of being 621,338,000 bushels, it would reach the enormous total of 3,542,470,000 bushels.

How to bring about such a condition is the problem which confronts the statesmen of to-day, for this is their task, rather than a task for the farmers themselves. The questions involved present such grave difficulties that their solution is possible only after they have been carefully studied by experts, digested and matured, and put to a practical test.

Perhaps a good way to begin a movement for the advancement of agriculture would

be to effect a transfer of the cultivators of the soil to the ranks of those whose plan of life contemplates a transition to a higher plane than the one on which they were born. Also sufficient inducements, material and social, must be provided, in order that the energy, the education, and the brawn of the land may, by turning to the country for a career or for employment, reinforce the element that is to the manner born. When the tide has turned, and the advantages of life on a farm become apparent, the social status of the farmers will rise; and the bright minds of the nation will flock into the country, and bend their energies for the further progress of agriculture. Marvelous consequences may be expected when the old farmers and the new farmers are unitedly engaged in the elevation of agriculture. While Germany was yet an agricultural state, and industry was of minor importance, the business men of that country were regarded in a cynical, half-contemptuous manner. Like the American farmers of to-day, they were lampooned on the stage, in prose and in poetry. Contrasting that period with the present day, Hugo Münsterberg, in an article

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published in *The North American Review*,¹ wrote:

The strongest, best elements of the social organization, the intelligent boys of well-to-do families became officers and lawyers, scholars and physicians, government employees and land-owners, but they looked down on the calling of the business man and on all technical activities. To-day in exactly these social groups the callings of the lawyer and of the officer have somewhat lost in attractiveness, and the life-work of the banker, of the business man, and of the manufacturer, and above all the technical professions have risen rapidly in the general estimation. It is clear that this involves a circle; the prosperity of the land draws the best elements into wealth-producing activities, and it is just this support by the best and strongest minds which works most directly toward the increase of Germany's prosperity.

It is fortunate for the United States that it has before it the experience of the other countries where agriculture has moved forward; and it is an old bromidiom, to borrow

¹ "The Germany of To-Day," Hugo Münsterberg, *The North American Review*, New York, February, 1912, pp. 182-200.

the word coined by a modern American humorist to denote expressions which have become banal by excessive use, that "experience is the best teacher," which, if true at all, is true of farming. Yet it must be borne in mind that conditions in the United States are in many respects widely different from those prevailing in Europe, and therefore much work must be done here on original lines. The adoption of original methods, whether in public or private affairs, has also often led to epoch-making results. Gustavus Adolphus, the "Snow King" of the Thirty Years' War, by introducing into his army a new system of tactics, was enabled to defeat Austria, with enormously greater population and resources; Andrew Carnegie, by taking early advantage of the new processes of steel-making invented by Bessemer and Siemens, became the greatest steel manufacturer of the world.

There are two forces which seem to be the agencies which have promoted all progress, of whatever nature and wherever made, Education and Money. The most illuminating example of the truth of this statement is to be seen in the story of

the advancement of Japan in less than half a century. Forty-five years ago that country was so unenlightened that its soldiers still fought with bows and arrows, and wore padded armor. Count Okuma, formerly Prime Minister of Japan, and one of the founders of the new Japan, writing of his country's renaissance, has this explanation to make of the cause of its tremendous success during this period¹:

One of the principal measures adopted by the Restoration government, with the object of promoting the national prosperity and enlightenment, was the education—using the term in its widest sense—of the young as well as of grown men, some of whom held high government positions. These latter were made to travel through civilized countries for the purpose of observing and examining their social, industrial, and political institutions, with a view to transplanting to Japanese soil whatever seemed to them likely to bear good fruit there. A great many students were also sent abroad to study all the branches of modern science. At home, not only were common schools established

¹ "The Industrial Revolution in Japan," Count Okuma, *The North American Review*, November, 1900, pp. 676-691.

all over the country, but there arose the Imperial University, the Schools of Mechanical Engineering and of Agriculture. The young men began thus to be equipped for their future activity in the spheres of politics and industry.

The Japanese statesmen had solved the problem of their country's rise when they determined upon the education of their people. The education of the American farmers in the art of proper farming will advance their calling in the same degree that the education of the Japanese advanced Japan, but their primary lessons must be in good business methods. The education of the farmers should be so conducted that they will be of business capacity equal to that of the men who manage the mills, the factories, the mines, and the railroads. Eugen von Philippovich, one of Germany's leading political economists, in writing of the work accomplished in Germany by the Agrarians of that country,¹ expressed the view that successful farming conditions can only be brought about "by the develop-

¹ *Die Entwicklung der wirtschaftspolitischen Ideen im 19. Jahrhundert*, Eugen von Philippovich, Tübingen, 1910, pp. 114-115.

ment among the farmers of a strong personality, together with organizing talents and business capacity." The acquisition of such qualities has produced the kings of business; but they are attributes which are difficult to teach. No matter how excellent the textbook in use, the practical application of its lessons may present insuperable obstacles to the student; and successful business men do not teach others the lessons which they learned in the school of experience.

The United States Government should undertake the proper education of the farmers. The present Department of Agriculture should be made more efficient, by giving it largely increased appropriations to be expended for the benefit of agriculture, according to a course of procedure to be mapped out by experts secured wherever possible. When woolen, cotton, iron, steel, and glass manufacturing were introduced into the United States, the original workmen employed in these industries were brought from England and Germany and France. Sir Horace Plunkett, when about to start the machinery of the Irish Department of Agriculture and Technical Instruction, was

unable to secure any expert agricultural instructors in Ireland, and found it necessary to procure such persons in Scotland and England. Experts, when secured, should be sent all over the world if need be, in order to study and report on every improvement or innovation which might in any way affect agriculture. Every farmer who is at all familiar with the work done by the United States Department of Agriculture knows that the results already accomplished by that department are of incalculable value to the farmers. Chemistry can accomplish much. It is only three or four decades since chemistry began to be employed in industrial establishments in the United States, yet in that brief time it has done wonders. The government experimental stations should be largely increased both in numbers and efficiency. Experiment would discover the crops best adapted to particular soils. Experiment would also often demonstrate that soil formerly deemed worthless, either on account of climatic conditions such as high altitude or by reason of its composition, might be made to produce crops. It is a well-known scientific fact

that an evolution has been going on in plant, as in animal life, and that many plants have been improved by modern methods of cultivation. Science has also shown that wild plants once deemed worthless can be utilized. Dr. J. H. Webber of Cornell University,¹ tells how that university experimented with different varieties of timothy, and as a result discovered that certain varieties produced practically double the quantity per acre over the varieties in ordinary use. Experiments of this character present a limitless field for the Department of Agriculture.

The Department of Agriculture should also investigate that most important of all questions to the farmers, namely, agricultural labor. A laboring population should be gathered into the country. The mills and factories of New England, and the industrial establishments and mines of the Middle States and the Middle Western States, are worked almost exclusively by immigrants from Europe, or by the children or grandchild-

¹ "Conservation Ideals in the Improvement of Plants," Dr. J. H. Webber, *The Popular Science Monthly*, New York, June, 1912, pp. 578-586.

dren of other generations of immigrants. If it were not for the swarming hives of Austria-Hungary, Russia, and Italy, from which the industrial establishments recruit their laborers, there is no telling how they could be operated. In their old homes these laborers were either small farmers or farm laborers, but when they arrive here, instead of going to the country, the high wages of the factories causes them to flock into the cities and towns, and begin work in the industrial establishments. The lure of the mill and factory, the mine and railroad, with their squalor and hardship, gilded as they are with the high remuneration paid, must be changed to the lure of the country with its clear skies and green fields and singing birds. This being a material age, however, the country, notwithstanding its clear skies and green fields and singing birds, must be made to give the men who are asked to go to it the same wages, and at least a few of the social advantages of the cities and towns, before they can be induced to enter upon a farming life.

The United States is a country of such vast extent that perhaps the Department of

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Agriculture cannot properly attend to the details necessary to improve agriculture in all the forty-eight States of the Union, with their varied climates and productions. The individual States should therefore do their share of this mighty work. Most of the States already have agricultural departments, under various names, but only in a few States have they done effective work. An efficient agricultural department should be established in every State, delegated with broad powers, to which should be granted appropriations sufficient for the importance of the task imposed. A successful business man, without regard to politics, should be placed at the head of the department. It is a matter of small moment if he is not also a farmer. The energy and sagacity which made his own business successful, if employed in farming, would make that a success also. Many of the largest railroads and industrial establishments in the United States are operated by men who have had no practical training in the business of the concerns which they manage. E. H. Harriman was not a practical railroad man, but he undertook the control of a number of unprofitable railroads,

notably the Union Pacific Railroad, and made them the best railroads in the country, both in regard to profits and in the comfort provided for the passengers carried. A large part of the success of any undertaking is attributable to the operating force, and a keen business man possesses, in a marked degree, the genius for selecting proper assistants to carry out his directions.

There are many questions involved which require the most careful consideration, but as the needs of the farmers vary in different States, it would be difficult to outline any particular plan of action. In one State, irrigation may be required; in another it would be the drainage of swamps, and in still others the reclamation and occupation of deserted farms, or the prevention of speculation in farm lands. There are, however, subjects which are general to all the States, such as the formulation of laws relating to agriculture, the taxation of farm property, whether it should be taxed at a different rate from other property, or whether the valuation of the land should be on a different basis, or whether farmers should be relieved of taxation, in whole or in part, or

for a period of years. Road-making should receive attention, as also coöperation among farmers, and the question of the farmers pooling their farms, or the operation of their farms, or of placing them in corporations. The question of modifying the school laws deserves careful thought. The public schools might even be made the social and business centers of the rural communities. More money should be appropriated by the States for the establishment and maintenance of public schools in the country districts where education has made far less progress than in the cities and towns, and where illiteracy is twice as great,¹ than the country districts themselves can afford to raise by local taxation. The appropriations should be based, not so much on the number of pupils in attendance at the schools, as on the necessity for elevating country life. This would only be carrying out the spirit of the public school laws which in effect provide that the well-to-do must pay, not only for the education of their own children, but also for the education

¹ "The Status of Rural Education in the United States," A. C. Monahan, United States Bureau of Education *Bulletin*, Whole Number 515, Washington, 1913, p. 10.

of the children of those who are unable to do this themselves. More agricultural colleges and schools should be established, and colleges already in operation should be provided with resources sufficient for the establishment of agricultural departments. The agricultural colleges and schools should be conveniently located in those sections of the State where agriculture would be most largely benefited; and the State should reserve to itself a certain number of free scholarships. These should be distributed on some equitable and non-partisan basis, and the State should pay the ordinary expenses of the students to whom it has given the free scholarships. A further purpose in providing the endowments should be to require the colleges to supply men properly equipped to go to the farmers and teach them improved methods of farming, and to advise them in farm management.

James J. Hill,¹ when suggesting what the national government should do in the interest of agriculture, advocated the establishment of at least a thousand schools, which should

¹ *Highways of Progress*, James J. Hill, New York, pp. 59-60.

take the form of model farms, where all the farmers living in the neighborhood could be taught modern farming. Instead of the United States Government doing this work, it would probably be better if the individual States undertook it, as they would be more likely to know the needs of their particular localities. The States should also undertake farm demonstration work, including the boys' corn clubs and the girls' canning clubs, on the plans inaugurated by the United States Department of Agriculture in the Southern States, which were carried to so successful a conclusion by its agent, Dr. Seaman A. Knapp,¹ that his name has become a household word in the farming districts of the South. For the extension of this work into the Northern States, Congress last year appropriated a considerable sum of money.

The province of Ontario, Canada, has evolved a scheme for the establishment of model farms in connection with its prisons

¹ *Demonstration Work on Southern Farms*, S. A. Knapp, Washington, 1911, pp. 1-19; *Boys' Demonstration Work: The Corn Clubs*, Washington, 1912, pp. 1-7; *Girls' Demonstration Work: The Canning Clubs*, Washington, 1912, pp. 1-8.

and jails, which provides a humane method of caring for the prisoners by employing them at farm labor, and are at the same time to be so conducted as to furnish suitable instruction to the farmers. Under the Industrial Farms Act, passed at the session of the Provincial Legislature held in 1912, every city and county in the province is enabled to establish such farms. If some such plan as that employed in Ontario were to be adopted by the States of this country, it would prove an ideal way of promoting agriculture. All the farms established under this method, at least so far as demonstrating improved methods of farming is concerned, should, however, for obvious reasons, be under the direction of the State agricultural departments. As part of this educational campaign, after the model farms have demonstrated the plants best adapted to particular localities, the States should supply the seed free of cost to the farmers for the operation of their farms.

Much could also be done to benefit agriculture if the officials of the State agricultural departments took a personal interest in the welfare of the farmers, as is done by the

officials of the country bordering the United States on the north. In the Dominion of Canada, the Railway Commission and the Grain Commission, by conference with the railroad authorities, are often enabled to obtain concessions from the railroad companies, by which the movement of the crops is facilitated. In Manitoba, in 1912, the government officials procured from the railroads traversing that province a rate of one cent a mile for the transportation of men engaged to harvest the wheat crop. In British Columbia the railroad companies, at the instigation of the government, made a single-fare rate for the round trip for the men employed to harvest the fruit crop.

CHAPTER IX

RURAL FINANCING

WHEN attempting to effect the regeneration of farm life, the question to be considered immediately after the education of the farmers is that of supplying them with the money necessary to conduct their operations and pay their indebtedness. The American farmers are deeply in debt, part of it being for supplies and for money borrowed for short periods on personal security, and the balance for money borrowed for terms of years on the security of land. Except perhaps in the newer Western States, where staple crops are mainly grown, and the harvests have been huge for several years past, enabling the farmers to reduce their indebtedness, the debts of the farmers have been increasing. Accurate figures of the total indebtedness of the farmers are not to

be procured, but their mortgage indebtedness furnishes a fair basis from which the relative status of the entire indebtedness can be judged. The mortgage indebtedness in 1910¹ amounted to \$1,726,172,851, as compared with a mortgage indebtedness of \$1,085,995,960 in 1890, while the average mortgage indebtedness of each farm was \$1715 in 1910, and \$1224 in 1890.

The sum of the interest required to be paid on their indebtedness by the farmers must be added to the cost of producing the crops, which again is paid by the consumer in the added price necessarily charged, and, in no inconsiderable degree, is responsible for the prevailing high prices of foodstuffs. The farmers' facilities for obtaining loans of money are greatly inferior to those enjoyed by individuals and corporations in the cities and larger towns. The country banks—that is, the banks in the small towns where the farmers must obtain their accommodations, if at all, there being no banks in the country proper—have generally small capitals, and

¹ Thirteenth Census of the United States, 1910, *Bulletin*, "Agriculture: Abstract, Tenure, Mortgage Indebtedness," p. 9.

the small capital obliges them, in order to avoid bankruptcy, to charge more for accommodating their customers than do the larger banks. Also the amount that the banks are permitted to lend to any one borrower is usually limited by law, in the case of national banks, to 10 per cent. of their capital stock and surplus. When, therefore, a bank's capital stock is \$25,000, and its surplus \$5000, \$3000 is the maximum amount which that bank can lend, which, in many cases, is insufficient for the needs of the borrowing farmer. Another serious difficulty is because a large number of the country banks are operating under the national banking laws which forbid banks to lend money on the security of real estate. Land being practically the only security which the farmers have to give, their money market, except for short-time loans on such personal security as they may be able to obtain, is restricted to the banks chartered by the States.

In the letter which President Taft sent on October 11, 1912, to the Governors of the various States, inviting them to a conference on the subject of a farmers' credit system,

to take place at Washington in December, 1912, at the time of the annual conference of the State Governors in Richmond, Virginia, he stated that the farmers of the United States owed \$6,040,000,000. He declared that on this sum they paid, including commissions, at an average rate of $8\frac{1}{2}$ per cent. annually. If these figures are correct, this would entail on the farmers the enormous annual charge of \$513,000,000. Corporations of the highest class, on the other hand, pay less than half the rate paid by the farmers. The oldest and best known railroads pay only 4 per cent. interest on the bonds issued by them. On the shorter-time loans of these railroads, and on the shorter-time loans of the strong industrial and mercantile corporations, secured only by their promissory notes, in the purchase of which an extensive business has developed in recent years among the banks, rarely more than 4 per cent. interest is paid. \ Loans of the national government, bearing as low a rate of interest as 2 per cent., command a premium. The farmers should be able to borrow the money necessary for their wants quite as cheaply as the most favored borrowers. The interest rate charged

them should be reduced one half, or instead of paying an average of $8\frac{1}{2}$ per cent., an average of only $4\frac{1}{4}$ per cent. should be ample. Even then, out of the $4\frac{1}{4}$ per cent. charged, it should be possible to pay not only the interest, but a small percentage in addition, to be applied to the liquidation of the principal at the end of the period for which the loan was made.

Many plans for the relief of the farmers in this respect are being brought forward. It is suggested that laws should be provided in those States which do not have chattel mortgage laws, whereby farmers could borrow money on the security of their crops, their live stock, and their farming implements. The most common remedy spoken of, however, is that of procuring money by coöperation among the farmers themselves. In the cities and towns of the United States, the Building and Loan Associations, whose business it is to make loans to their members, on the security of land, out of funds contributed by them, are a fine example of what may be accomplished in this direction. In 1912 they numbered 6099, with a membership of 2,332,829, and assets amount-

ing to \$1,030,687,031.¹ That such coöperation would be successful among the American farmers is an undetermined problem.

In most of the European countries where agriculture has reached the highest stage of development, its success was largely due to the operation of the coöperative credit societies, which were organized both to lend money on the security of land and on the personal security of the members. They all seem to have originated in Germany, those organized to make advances on the security of land, called *Landschaften*, or Provincial Land Banks, being the oldest. The American reader will be surprised to learn the length of time that they have been in existence. They were called into life in Prussia shortly after the Seven Years' War, in which gigantic struggle the nobility had sustained such severe losses that bankruptcy stared many of them in the face. The King of Prussia, Frederick the Great, who was as able in peace as in war, was much exercised for the want of some method of averting the financial ruin of his nobles. A Berlin merchant

¹ *The World Almanac and Encyclopedia*, 1913, New York, p. 247.

named Büring devised a scheme for a coöperative association intended to meet these demands. With some minor changes the plan was adopted, and on July 15, 1770, a *Landschaft* was established in the province of Silesia. The principle on which it was created, with the modifications made necessary by the reforms effected by Baron von Stein, particularly by the edict of October 9, 1807, abolishing serfdom in Prussia, and establishing the principle of free trade in land, and by the modern conditions of agriculture, is still the most general plan in use in the matter of obtaining loans on the security of land. From Silesia *Landschaften* were introduced into the remaining provinces of Prussia, and into some of the other German states.

The original *Landschaft* was described by Dr. von der Goltz.¹ The King of Prussia forced the landowners to join the *Landschaft*. The scheme contemplated an appraisal of the estate of the borrower, who could only obtain a loan equal to one half the amount of the appraised value of the land.

¹ *Geschichte der deutschen Landwirtschaft*, Dr. Theodore Freiherr von der Goltz, Stuttgart, 1902, pp. 439-447.

The loans were irredeemable, but by amortization—a word whose meaning is better understood in Continental Europe than in this country, because the people there are more prone, when contracting debts, to provide for their repayment—were extinguished at the end of certain long periods, ranging from thirty to seventy-five years, by the payment of small additional sums paid with the installments of interest. The loans were secured by mortgages on the estates. Debentures (*Pfandbriefen*) were issued which had not only the security of the mortgages back of them, but were secured by the lands of all the members of the *Landschaft* as well. These were delivered to the borrower who sold them, and in this way received the money on the loan. While the organizations were managed by the members, they were under strict government supervision. In 1873, a majority of the *Landschaften* were combined into a *Central-Landschaft*, which has since issued debentures to the amount of many million marks.¹ At the present time any one owning land on which a certain small

¹ *Agrarpolitik*, Regierungsrat Professor Dr. Joseph Grunzel, Vienna, 1910, p. 58.

annual land tax is paid may become a member; and is privileged to borrow not exceeding two-thirds the assessed value of the land for taxation. The debentures bear from three to four per cent. interest, and being well regarded by investors can readily be sold, those bearing the higher rate bringing the higher price, the four per cent. debentures selling at about par. The borrower can repay the loan at any time.

The coöperative credit societies, whose particular object is to make loans on the personal security of the members and which are much more numerous than the *Landschaften*, owe their origin to the distress prevailing in Germany in "the lean years of poverty and famine during the European revolutions of the middle of the last century." *The Quarterly Review*¹ contains a summary of the history and manner of operation of the German credit societies, based on Henry W. Wolff's exhaustive study of the subject.² Friederich Wilhelm Raiffeisen

¹ "Coöperative Credit Societies and the Land," *The Quarterly Review*, London, April, 1911, pp. 299-323.

² *People's Banks*, Henry W. Wolff, third edition, London, 1910, pp. 77-165.

and Franz Hermann Schulze-Delitzsch—Delitzsch being added to his name by Mr. Schulze after the town of that name, in which he was born—two economic reformers, were the founders, and their plans differed somewhat in the details. These men saw that credit was necessary for artisans and agriculturists, but that credit was not obtainable without security; artisans and agriculturists had little or no security to offer, and were therefore liable to pay whatever usurious interest the money-lenders chose to demand for the credit which was vital to their existence. Both Raiffeisen and Schulze-Delitzsch hit upon the remedy of combining the honest and laborious artisans and agriculturists into mutually responsible bodies, which were to acquire capital by “pooling their entire credit, so as to obtain advances at a cheap rate from outside capitalists.” Raiffeisen first founded a loan society in 1849 and Schulze-Delitzsch one in 1850. The scheme of Schulze-Delitzsch was designed for the benefit of the middle-class tradesmen and artisans, and provided for a share capital. Raiffeisen’s plan aimed more particularly to benefit the poorer classes

of agriculturists who could not obtain credit as generally they possessed no tangible property of sufficient value to be pledged. The only possible pledge was that of the intangible assets of honesty, industry, and business talent. Such security as they could give existed only in driblets, and required to be unified by the assumption of collective limited or unlimited liability, in a coöperative bank or some similar institution, before the capitalist would lend money upon it as a matter of business. In no other way could a marketable personal security sufficient to justify personal credit and to admit of "the capitalization of honesty" be created. Ordinary bankers did not care to give credit to agriculturists, firstly, because the credit was required for an uncertain period, generally too short for permanent investment, and too long for occasional lending; and, secondly, because they had no means of investigating the financial position of small borrowers, whether artisans or agriculturists.

The practical workings of the societies present an interesting subject for study. For their successful management, there are requisite a maximum of responsibility on the

part of the individual members, a minimum of risk of pecuniary loss, and a maximum of publicity in the management. Their moral effect is great. They teach those benefited to help themselves; but, if charity is substituted for self-help, the moral and educational benefits are lost. The members of a coöperative credit society will not make themselves pecuniarily responsible for a brother member whom they do not know to be scrupulously honest, thrifty, and capable in business. The influence of the societies in promoting the growth of these desirable qualities is immense. A certain standard of education and ability to read and write are essential for admission to membership. Those who do not possess these qualifications will strive to obtain them. It cannot, therefore, be doubted that these societies conduce to the improvement of the worldly position, the moral character, and the intellectual progress of their members.

Raiffeisen's associations differed originally from those of the Schulze-Delitzsch system in having no shares and paying no dividends. They were forced to have both by the law of 1889; but the shares are made as

small as possible, and the dividends are voted away to the Ordinary Reserve Fund and to the Indivisible Reserve, to which two thirds of the annual profits are always assigned. The Indivisible Reserve is intended to meet losses and deficiencies for which it would be hard to hold individual members responsible. It is also intended to supply the place of borrowed capital, so as to allow members to borrow at a cheaper rate. The loans, being mostly for agricultural purposes, are made for a longer time than loans under the Schulze-Delitzsch system; but they can be called in if the debtor does not apply them to the purpose for which they have been asked. The sphere of operation of a Raiffeisen Bank is strictly confined to a small area. There are two reasons for this. The first is, that the members cannot otherwise sympathize with and be intimately acquainted with each other; the second being that, without the first, they will not assume the mutual unlimited financial responsibility which is required. The Raiffeisen associations in Germany are federated into thirteen Unions, each with their Central Bank; and since 1895 there has been

in Prussia a state-endowed Central Coöperative Credit Bank.

The scheme of the coöperative credit associations, more or less closely patterned after the plan of Raiffeisen, has been carried all over Europe. It has spread into Italy, France, Russia, Servia, Spain, Belgium, Holland, and Finland. The government of India has established the Raiffeisen system of credit associations in that far-away land; and Japan, ever watchful to adopt the most approved ideas, has done the same for her people. Switzerland also has its coöperative system. England began the establishment of credit banks on the Raiffeisen plan with the operation of the Small Holdings and Allotments Act of 1908.

Affiliated with the credit associations of Germany are the farmers' coöperative stores for the supply of agricultural requisites of all kinds and for the sale of agricultural products. These have increased enormously. They enable the farmers to purchase their fertilizers and other materials direct from the manufacturers, and they have brought into existence the parish steam ploughs and parish reaping machines; they have collected

the farmers' produce, their corn, potatoes, fruit, milk, and eggs, and have found for it a sale at better prices than the farmers would have been able to obtain if standing alone.

That credit associations modeled upon those of Germany would succeed in the United States can only be determined after a most careful comparison of conditions as they obtain in Germany and in this country. The temperaments of the peoples are widely different. In rural Germany the farmers live largely in close proximity to one another, or in village communities, and on farms which would be considered almost minute in this country. The farms of Germany in 1907 numbered 5,736,082, and of these 3,378,509 were three acres or less in extent, while the average size of all the farms was only about fifteen acres.¹ In the United States the farms have an average area of 138.1 acres. Owing to the size of the American farms, and the distance between the farmhouses, the relations existing between the farmers can never be as intimate as those prevailing among the German farmers.

¹ *Modern Germany*, J. Ellis Barker, London, 1909, p. 370.

In other countries, even in those where the government assists its people in acquiring farms, modern sentiment has made provision for laws, by which the farmers can obtain long-time loans ranging from ten to seventy-five years, on the security of their land. The loans bear a low rate of interest, payable with which is a small percentage in addition, which is sufficient to pay the loan on the date of its maturity. The plan seems to be an application of the system pursued in France by the *Crédit Foncier de France*, a private banking institution, which is under the direct control of the Minister of Finance, and is itself an adaptation to French conditions of the plan of the German *Landschaften*. The *Crédit Foncier de France* secures the necessary funds by issuing its bonds which bear 3 per cent. interest, and are based on the security of the lands mortgaged, as well as on the bank's assets. At this time, on loans maturing in seventy-five years, the interest rate is 4.30 per cent. and including the percentage necessary for the creation of the sinking fund, which is provided for the liquidation of the loans at maturity, and for a small charge made for the ex-

pense of the sale of the bonds, the total amount that the borrowers are required to pay is only 4.48 per cent.¹

The plan has gained a strong foothold in a number of the British colonial possessions. In all the states of Australia the governments make advances on farm lands.² The procedure is practically the same in all states. In Victoria the money is provided by the sale of bonds, and the borrower can obtain as high as sixty per cent. of the value of his land. The loans bear interest at the rate of $4\frac{1}{2}$ per cent. per annum, and a payment of 6 per cent. will, in thirty-one and a half years, pay the debt and the interest. In the colony of New Zealand a similar scheme is in operation. Nova Scotia has passed an act providing for government advances to farmers. In the Canadian provinces of Saskatchewan, Alberta, Manitoba, and British Columbia, an agitation is in progress through which it is expected to gain for the farmers of these provinces the same advantages in

¹ "The Crédit Foncier de France," Peter G. Zaldari, *Moody's Magazine*, New York, June, 1912, pp. 437-441.

² *British Columbia Magazine*, Vancouver, July, 1912, pp. 551-554.

the matter of loans possessed by the farmers of the other British dependencies.

The credit of the United States, in the money markets of the world, stands much higher than that of the English colonies, its bonds selling even higher than the British consols, the German Imperial bonds, and the French *rentes*. The United States Government could easily sell its bonds, of the character of the bonds issued by governments of the British colonies, bearing not more than 3 per cent. interest and lend the money realized at a rate not to exceed from $3\frac{1}{2}$ to 4 per cent. which would include the amount required to provide a sinking fund with which to liquidate the loan, and also to reimburse the government for the entire cost of the transaction. Nor is it a new departure for the national government to advance money for the improvement of land used for agricultural purposes. On June 17, 1902, Congress passed the Reclamation Act, the purpose of which is to improve lands by irrigation. Under this act the government has paid out large sums of money, by which great benefits were conferred, in certain of the Western States, particularly in those

States in which the farmers are now in such a questioning attitude toward the present scheme of government. To June 30, 1911,¹ there has been expended under this law for the building, maintenance, and operation of irrigation works, the enormous sum of \$65,812,919, although the government expects to be reimbursed for the greater part of the outlay, by the reception of the annual installments—spread over a period of ten years—in which the purchasers of the reclaimed lands are allowed to pay for their farms. No interest is charged on the deferred payments, the government contributing to that extent to the purchasers, in this respect doing more than would be required if it made loans to farmers on some plan similar to that so successfully pursued in other countries.

¹ *Tenth Annual Report of the Reclamation Service, 1910-1911*, Washington, 1912, p. 48.

CHAPTER X

IRISH LAND REFORMS

THE American people do not often turn to Ireland for inspiration when making a new departure in an important enterprise, but they might go farther and fare worse, when beginning the regeneration of agriculture, than to read the history of Ireland for the last thirty or forty years. For generations, Ireland was known in the United States as the land of abortive uprisings, of a rebellious people, of a swarming emigration, of a dwindling population, of a dissatisfied tenantry, of poverty and distress. Horace Greeley, visiting the island in 1851,¹ wrote of it:

Out of the towns not one habitation in ten is fit for human beings to live in, being mere low

¹ *Glances at Europe*, Horace Greeley, New York, 1851, pp. 309-331.

cramped hovels of rock, mud and straw; not one half the families seem to have so much as an acre of land to each household; not one half the men to be seen have coats to their backs; and not one in four of the women and children have each a pair of shoes or stockings. . . . Wretchedness, rags and despair salute me on every side. In those narrow, unlighted, earth-floored, straw-thatched cabins, there is no room for the father and his sons to sit down and enjoy an evening, so they straggle off to the nearest grogery.

With the accuracy of judgment for which he was noted, Mr. Greeley attributed the state of the Irish people to the lack of a local parliament, which in his opinion would alone be familiar with the necessities and desires of the people, and to their need of the privilege of owning the land cultivated and improved by them.

A quarter of a century later, Henry M. Field, the editor of the *Evangelist*, also wrote out his impressions of Ireland.¹ The beauty of the landscape caused him to draw a charming picture of the scenery through which he traveled:

¹ *From the Lakes of Killarney to the Golden Horn*, Henry M. Field, New York, 1877, pp. 17-23.

"The ivy mantled every old tower and ruin with the richest green; the hawthorn was in blossom, making the hedge-rows, as we whirled along the roads, a mass of white and green, filling the eye with its beauty and the air with its fragrance."

Human life, however, presented to Mr. Field as dreary a picture of desolation as that so vividly described by Horace Greeley. The high state of cultivation to be seen on the great estates, like that of the Earl of Kenmare, contrasted with the want and misery close by, caused him to say sorrowfully:

It will not do to impute the latter entirely to the natural shiftlessness of the Irish people, as if they would rather beg than work. They have very little motive to work. They cannot own a foot of the soil. The Earl of Kenmare may have thousands of acres for his game, but not a foot will he sell to an Irish laborer, however worthy or industrious. Hence the inevitable tendency of things is to impoverish more and more the wretched peasant. . . . Hence the feeling of sadness that mingles with all this beauty around me; that this is a country where all is for the few, and nothing for the many; where the poor starve, while a few nobles and

rich landlords can spend their substance in riotous living.

Applicable as well to Ireland as to England, Mr. Field quoted the complaint of the English agrarian workman in Kingsley's novel:

O! England is a pleasant place
for them that 's great and high,
But England is a wretched place
for them that 's poor as I.

At the very time that Mr. Field was writing, a new star of the first magnitude appeared on the political horizon of Ireland, in the entry of Charles Stewart Parnell into Parliament. Undistinguished at first, he soon set in motion forces which accomplished for Ireland that which, in the light of its former history, appears almost magical. A Protestant representing a Roman Catholic constituency, he possessed the confidence alike of the clergy and laity of the Roman Church; and his visit to America, on a mission in the interest of his beloved cause during the height of his career, is still cherished in this country in the breast of every lover of progress. R. Barry O'Brien wrote a life of Parnell in which every incident of the

reformer's stormy career is powerfully portrayed.¹ Upon his entry into public life Parnell found the English members of Parliament either contemptuous of or indifferent to Irish affairs. The Irish members had hitherto failed to interfere in English matters, and, whenever they attempted something for the benefit of Ireland, they were humiliated without mercy. Parnell realized almost immediately that, to gain any tactical advantage, the Irish must take part in the discussion of everything in which the English were concerned; and, in revolt against the man who then led the Irish members, he began a campaign of obstruction. His ability soon gained him the headship of the Irish party in Parliament. He saw "that a healthy and vigorous public opinion was necessary to save Irish representation from inertia and collapse," and he began the creation of such an opinion by entering upon a campaign of enlightenment.

The crops had been poor for some years, the rents were unpaid, the tenants were in

¹ *The Life of Charles Stewart Parnell*, R. Barry O'Brien. New York, 1898, 2 vols.: vol. i., pp. 1-378; vol. ii., pp. 1-394.

distress; evictions followed. On October 21, 1879, the Irish National Land League was organized for the purpose of "bringing about a reduction of rack rents, and facilitating the creation of a peasant proprietary," with Parnell as president. The distress in the west of Ireland became appalling; it was estimated that there was a falling off in the principal crops, from the yield of the previous year, to the value of £10,000,000. Famine was upon the land, evictions increased, and the fires of agitation blazed in every district of Ireland. The Land League had grown by leaps and bounds; it now had two hundred branches throughout Ireland, with at least five hundred members in each branch. Parnell was everywhere engaged in agitation. A speech that he delivered at this time was the cause of the introduction of a new word into the English language. He was discussing evictions, and told his listeners that when a man took a farm, from which another had been evicted, they must show him how they detested him "by leaving him severely alone, by putting him into a moral Coventry, by isolating him from his kind as if he were a leper of old." From the name of the person

who first felt the weight of the peasants' displeasure, the policy of isolation received the only too-well-known name of Boycott. The self-constituted Land League had become the supreme power in Ireland; money poured into its treasury, not only from Ireland, but from America. Its mandates were everywhere obeyed. "It was in truth," as Mr. O'Brien relates, "nothing more nor less than a provisional Irish Government, stronger, because based on popular suffrage, than the Government at the Castle"; and Parnell was what the Irish people delighted to call him, the "Uncrowned King of Ireland."

In some districts extremists were in control of the Land League, and outrages were committed, even murder. It had been Parnell's opinion, when attaching himself to the Land League, that when the people once became aroused by actual distress, or by the passion engendered by the sense of wrong committed against them, they might inaugurate such a reign of terror as that which was now injuring the Irish cause. In England a clamor arose for the exercise of strong measures, and the government

determined upon repression, and arrested Parnell and other leading Land Leaguers to whom they attributed the outbreak; but on their trial the jury disagreed and the prisoners were discharged. The Coercion Bill followed, which gave the government the power to arrest any person reasonably suspected of treasonable practices or agrarian outrages. On its enactment into law the Land League was suppressed. Hundreds of Land Leaguers were thrown into Kilmainham prison. Parnell himself was once more arrested, but, after an imprisonment of seven months, was released, there being no evidence connecting him with the prevailing terrorism. His release caused the resignation from the Cabinet of the Secretary of State for Ireland, and of the Viceroy, the two men who were mainly responsible for his arrest, and who were chagrined at his release. The leaders in the government at the time of Parnell's release also voluntarily agreed to pass an Arrears Bill, the preparation of which was practically all Parnell's work, under which the government undertook to pay a certain portion of the arrears of rent due by the tenants.

The greatest newspaper in England, the London *Times*, published letters signed with the name of Parnell, condoning the murder in Phoenix Park, Dublin, of Lord Frederick Cavendish, the chief secretary of the Lord Lieutenant of Ireland, and of Mr. Burke, the under-secretary. When the forger who wrote the letters confessed his crime, Parnell became a greater idol than ever with the Irish people. On October 6, 1891, at the early age of forty-five years, he died. Although his last years were darkened by the shadow of an episode occurring in his private life, the sorrow of the Irish people at his death was so intense, that no words could be more expressive of their passionate grief than the requiem which Thomas Osborne Davis intoned for an Irish hero of an older time:

Wail—wail ye for the Mighty One! Wail—wail
ye for the Dead!

Quench the hearth, and hold the breath—with
ashes strew the head!

How tenderly we loved him! How deeply we
deplore!

Holy Saviour! but to think we shall never see
him more.

It was the overpowering mentality of Parnell that brought about the primary of the two reforms which Mr. Greeley said were essential to the regeneration of Ireland, the peasant proprietorship of the land. Parnell's labors served to awaken the conscience of the English politicians, and the government was forced to admit that it had erred in its treatment of Ireland. The result was the most sweeping land legislation that was ever enacted in any country for the benefit of the occupants of the soil. The laws provided that the tenants might purchase the land occupied by them, the government to supply the purchase money, which was to be loaned to the purchasers for a long term of years at a low rate of interest, the land itself, in one shape or another, forming the security. A land commission practically fixed the prices to the purchasers, and scrutinized the security for the government. The most beneficent of the earlier acts was the one passed in the year that Parnell died. In 1903 a still more liberal law was placed on the statute books. In pursuance of the land purchase acts which have become laws since 1881, the year that Parnell's power in

parliamentary life first became pronounced,¹ to May 31, 1908, there was made a total of 117,723 purchases, aggregating the enormous sum of £41,553,806. Also, there were enacted the law for the building of laborers' cottages, and the law creating the Congested Districts Board, by virtue of which more than twenty-five thousand cottages have been erected by the government, to be paid for on plans similar to the one provided for in the land acts.

With the ground prepared, a directing genius appeared in Ireland, who realized that the time had arrived for another step in the advancement of the Irish people; and he began a movement for the improvement of the agriculture of the island. Sir Horace Plunkett, who placed the second rung in the ladder of Irish progress, is an aristocrat,² and, like Parnell, a descendant of the alien English. His only land experience was that gained in the United States, where he had roughed it for ten years on a Wyoming ranch, but he had an ambition to benefit his countrymen without regard to race or

¹ *One Irish Summer*, William Eleroy Curtis, New York, 1909, pp. 68-69.

² *Ibid.*, pp. 410-411.

religion. He brought this about through the agency of a national organization of about four hundred members, most of whom, like the large majority of the men who are attempting to bring about a new birth of agriculture in the United States, had no connection with farming. It was called the Irish Agricultural Organization Society—the I. A. O. S. of popular parlance, which to-day embraces over nine hundred societies, with a membership of almost one hundred thousand.¹ It was the influence which this coöperative movement exerted that enabled Sir Horace Plunkett, in 1899, to carry out his scheme for the establishment of the Department of Agriculture and Technical Instruction, of which he became the head. The department was the direct result of Sir Horace Plunkett's "Proposal Affecting the General Welfare of Ireland." Conformably to the call, a committee was organized to outline a plan of procedure.

Among its members were to be found representatives, and in nearly all cases the best rep-

¹ *Aspects of the Irish Question*, Sidney Brooks, Boston, 1912, p. 117.

representatives, of every class, interest, industry, creed and party in Ireland. Orangemen and Jesuits, Unionists and Nationalists, the magnates of the Industrial North, the leaders of the agricultural South and West, sat side by side in absolute harmony, and after months of exhaustive investigation in Ireland and abroad presented a unanimous report. The substance of its recommendations was that a new government department should be created, which should be adequately endowed, and charged with the duty of administering state aid to the agriculture and industries of Ireland, in such a way as to evoke, without superseding, self-help and individual initiative.¹

The main purpose of the Department of Agriculture and Technical Instruction, which now has an endowment of nearly twelve million dollars a year, is to teach the people scientific methods of agriculture. With this object in view it established a Faculty of Agriculture at the Royal College of Science in Dublin where free competitive scholarships are liberally provided. It reorganized the

¹ "Sir Horace Plunkett and His Works," Sidney Brooks, *The Fortnightly Review*, London, June 1, 1912, pp. 1011-1021.

Albert Agricultural College at Clonsilla, at which place a horticultural school to teach fruit-growing has been established. The Munster Institute at Cork teaches girls butter-making, poultry-rearing, calf-rearing, cooking, laundry-work, sewing, and gardening. Local schools and classes were established in different parts of Ireland. Itinerant instructors in agriculture are sent all over Ireland, whose duty it is to conduct classes and to carry out field demonstrations and experiments. The vital matter of improving the live stock is also one of the important functions of the Department of Agriculture and Technical Instruction. The special investigations set on foot to determine the crops that are best adapted for particular localities and to decide what new crops can be grown are invaluable. Sir Horace Plunkett confirms the opinions of the other land reformers when he attributes his success with the Irish farmers to the fact that he taught them the ways of business. His reasoning is convincing:

Better business implies the introduction of system into the marketing of produce, the ac-

quisition of farmers' requirements on reasonable terms, the obtaining of working capital at a low rate of interest, and upon terms suitable to the conditions of farming. It seeks further to enable the farmer to hold his own in his relations with those organized interests, whether financial, industrial, commercial or political, which largely control his wealth.¹

Freed of its absentee landlordism, and the land coming gradually to be owned by the men who cultivate it, Ireland has begun a new national life. The long night of oppression and neglect is over, and the dawn of a brighter era has broken. The noisome hovels of Horace Greeley's time and of Henry M. Field's time are now such a rarity, except in the West in what is termed the Congested Districts where owing to the extreme poverty both of the soil and the people, the task of regeneration has been slower than elsewhere, as by their absence to create remark from old travelers. In their places are neat cottages built of concrete, with slate or tile roofs. The people are well clothed and cleanly, and the poverty-stricken, prodigal,

¹ "The Regeneration of Ireland," Sir Horace Plunkett, *The Atlantic Monthly*, Boston, June, 1912, pp. 812-813.

brawling Ireland of Charles Lever and Samuel Lover, as well as the sweetly sentimental Ireland of Thomas Moore, have disappeared. Its agitators are quiet; boycotts and coercion are nightmares of the past. With peace and prosperity, contentment and happiness have taken possession of the people.

CHAPTER XI

THE AGRARIANS OF GERMANY

I N the United States there are numerous agricultural associations, and although in many of the States they are receiving small bounties either from the counties in which they are located, or from the States, or from both, they have accomplished comparatively little, and their influence is limited. It is a fact well known among those engaged in manufacturing that, notwithstanding the rigid manner in which the Sherman Law is being enforced, many classes of manufacturers still maintain organizations, and meet to discuss the industry in which they are engaged. They plan for its improvement, and watch the legislation pending in nation and State which might affect their interests, and originate new laws intended to benefit the industry. Jobbers and retailers are likewise occupied, as are labor unions, the most

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aggressive of all the associations organized from interested motives. Only the farmers are without effective organization, and only agriculture is allowed to lie becalmed. The agricultural interests should bring the united influence of their entire calling to bear on legislation. A fundamental change in the condition of farming, by which the adjustment between farming and industry is to be effected, can only be brought about by legislation of the most radical character. Legislation has done practically all to establish and foster industry, which has been glorified to the neglect of the farmers. But the coöperation of the manufacturers and merchants should be sought, and the manufacturers and merchants should be only too willing to join hands with the farmers in a matter which is vital to all. Large crops mean directly and indirectly large volumes of business to the manufacturers and merchants, and prosperity to the whole country. With an increase in the amount of foodstuffs produced, the prices of the staple articles of food would decline, to effect which is the primary aim of the entire land movement. Laboring men of all classes should be induced to join

the movement for better farming, as no one would feel the benefit of this more than the workingmen.

Germany, the most progressive nation in Europe, has long since recognized the value of political organization among the farmers, and the lesson which it presents to the American farmers is even more valuable than the one to be drawn from the work done in Ireland by Parnell and Sir Horace Plunkett. As long ago as 1875, Prince Bismarck, in an address to the farmers, advised them to organize. "Formerly," he declared, "it was 'God helps those who help themselves.' Now in our constitutional state, if the farmer helps himself, he will receive the assistance of the government."

Prince Bismarck's words sank deep into the hearts of the farmers, and when, in 1893, the emergency arose, the advice was recalled, and they began helping themselves by forming what has since become the most powerful agricultural organization in the world. The crisis was the outgrowth of economic conditions. Germany was rapidly changing from an agricultural to a manufacturing nation. The manufacturers were

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in search of new markets in other countries for the sale of their increasing products, and urged the government to conclude a series of foreign treaties which should give German manufactures advantages not possessed by other nations. In order to bring this about the government found it necessary to make certain concessions injurious to the farmers. In 1891 it entered into treaties with Austria-Hungary, Italy, Belgium, and Switzerland, under which Germany lowered its duty on grain to 3.50 marks per 100 kilograms for equivalent concessions on industrial products exported to those countries. A similar treaty was made with Servia in 1892. When the question of concluding like treaties with Roumania, and with Russia, the greatest grain-growing country in Europe, was under discussion, the farmers rose up in arms, fearful that the proposed treaties would greatly stimulate the importation of grain from those countries, and consequently lower the price of the home-grown grain. A wild cry of distress went up.

Herr Ruprecht, a Prussian tenant farmer of the province of Silesia, with a vision far beyond that of his fellows, published on

December 21, 1892, in an obscure agricultural journal, his well-known "Proposal for the Improvement of Our Condition." The seed was cast on fallow ground, and on February 18, 1893, in pursuance of this call, under Herr Ruprecht's leadership the *Bund der Landwirte* (Agriculturists' Union) was organized, with an immediate membership of seven thousand landowners. The German flag with a plough in the center became its banner. Although the organization failed to prevent the ratification of the treaties with Roumania and Russia, it grew so rapidly in membership and influence that it effected the downfall of the Chancellor, Count von Caprivi, the author of the distasteful treaties.

The first president of the new organization was Captain von Ploetz, a former Prussian officer who after having served in the war of 1866 against Austria, and in the war of 1870-1871 against France, had become a captain in the *Landwehr*. Thereafter he devoted himself to the advancement of agricultural life, and at this time was president of the *Deutsche Bauernbund* (German Peasants' Alliance), an organization founded in 1885, which already had 44,000 members;

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and which on June 17, 1893, was merged in the *Bund der Landwirte*. The object was:

To unite into an organization, every agricultural interest, regardless of political affiliation or extent of estate, in order that the influence possessed by agriculture may be exerted upon legislation, and to obtain for agriculture the representation in the parliamentary bodies to which its importance entitles it.

The members of the *Bund der Landwirte* were at once dubbed by their enemies "Agrarians," a title by which an association of revenue and land reformers had been known in 1876, but which, having been organized in the interest of the larger landowners, had not gained the confidence of the small farmers. For this reason it was supposed that the name would deter the small landowners from attaching themselves to the *Bund der Landwirte*. The leaders of the new movement were wiser than their critics and welcomed the appellation. The earliest application of the term "agrarian" had been to the laws enacted in ancient Rome for the disposal among the poorer citizens of the public lands occupied without right by the

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Patricians. A knowledge of this fact, it was argued, would prove attractive to the peasants, without alienating the larger landowners, on whom the name "agrarian" had become fastened through the connection of some of their class with the older organization. Besides the name had been associated with, and was descriptive of, every land and agricultural reform movement of modern times, and would be the one to conjure with in the present exigency.

The membership in the *Bund der Landwirte* was not limited to agriculturists, but all persons professing the Christian religion and having a friendly interest in agriculture were invited to become members. The organization is so constituted and hemmed in by regulations that it is almost impossible for the violent or lawless element ever to obtain control, as in the case of the Irish Land League. The primary bodies of the *Bund der Landwirte* are the Village Groups, consisting of the members living in contiguous neighborhoods. The Village Groups compose the Chief Groups. The Chief Groups make up the District Divisions, the District Divisions the Electoral District Divisions;

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and these constitute the body for the particular province or country. The national organization meets annually in Berlin. The members are required to pay annual dues which are small and are graded according to the size of the estate owned, the amount formerly being ten pfennigs per hectare of land, or 3 per cent. of the ground rent paid; but every member was required to pay the minimum amount of two marks. In 1906 there was an advance of 50 per cent. in the dues, which increased the average amount paid by each member from 2.32 marks to 3.48 marks.

The story of the birth and progress of the *Bund der Landwirte*,¹ contains much that is of value to the economist interested in bringing about land reforms. In the course of its development, departments were created for the purchase of fertilizers, as well as feed for the cattle, and coal. There was a legal department for furnishing legal advice and a department of bookkeeping the object of which

¹ *Zum 18. Februar, 1903, Zehn Jahre wirtschafts-politischen Kampfes*, Berlin, 1903, pp. 1-193; *Zum 18. Februar, 1908, Fünf Jahre der Sammlung und Festigung*, 1903-1908, Berlin, 1908, pp. 1-157.

was to open books for the farmers and to teach them business methods. A department was established for forming coöperative associations among the farmers, and an insurance department to give information and advice in all matters pertaining to insurance.

The association moved rapidly in its search for parliamentary representation. On May 6, 1893, the *Reichstag* was dissolved and the *Bund der Landwirte*, although far from being prepared, at once plunged into a political campaign. It was so successful that its president, Captain von Ploetz, was elected a member of the *Reichstag*, as were also one hundred and forty others, whose election the organization had advocated and who, at its request, formed a Parliamentary Union pledged to support the legislation advocated by the *Bund der Landwirte*. Captain von Ploetz was elected president of the Union; and with this compact body of law-makers at its back ready to do its bidding, the *Bund der Landwirte* was enabled to procure the enactment of a mass of legislation favorable to the interests of the farmers, all of which is distinctly reflected in the present satisfactory state of agriculture in Germany.

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The organization rarely had candidates of its own in the field, either for the national or the local parliaments. The usual method pursued was to indorse candidates, known to be friendly to it, of the various existing political parties. The work of the *Bund der Landwirte* in recent years has been so effective that, at the election of 1907, out of the one hundred and thirty-eight members of the national parliament indorsed by it, consisting of adherents of practically all the political parties, every one was elected, while previous to that time only ninety-nine of the same seats had been filled by men so indorsed.

Being ably directed, the *Bund der Landwirte* has generally advocated measures of recognized value. In Prussia it met with early success. In 1894, at its instigation, the Prussian *Landtag* enacted a law which regulated agricultural societies, and provided for Farmers' Chambers (*Landwirtschaftskammern*), composed of farmers in whose hands was placed the administration of agricultural affairs.¹ The duty of the Farmers' Chambers

¹ *Die Entwicklung der wirtschaftlichen Ideen im 19. Jahrhundert*, Eugen von Philippovich, Tübingen, 1910, pp. 113-114.

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is to further the combined interests of agriculture and forestry in the districts in which they are located, and especially to bring about greater coöperative organization among the farmers. For their own purposes, the Chambers possess the power of taxation, and have a voice in the management of the produce exchanges and markets. In Saxony, Hesse, Anhalt, and Alsace-Lorraine, organizations of a similar character have also been established by law.

In 1896, the *Bund der Landwirte* procured the passage by the *Reichstag* of the law prohibiting speculation in futures in cereals on the German Stock Exchange; and, in 1908, it was influential in having enacted another law on the same subject. The Meat Inspection Act of 1900, which imposed severe restrictions on the importation of fresh and cured meats of certain kinds and prohibited the importation of others, was also the work of the *Bund der Landwirte*. In 1904, it induced the imperial government to place special limitations on the importation of live stock and meats. In 1902, a revision of the tariff law was secured, by which an increase was made in the duty on cereals.

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In 1906, a further increase was obtained. At its instigation the Prussian *Landtag* appropriated 5,000,000 marks toward assisting in the establishment of public grain elevators in Prussia, and on April 28, 1900, twenty-four such elevators were in operation. The organization was also interested in measures of more general usefulness. In the Prussian *Landtag* it advocated the improvement of the rivers, and the construction of canals. It originated a new school measure which unfortunately did not become a law, by which the cost of maintaining the district schools was to be so apportioned that the poorer districts were to be relieved of part of the expense, which was to be borne by the State. The annual meetings of the *Bund der Landwirte* constitute an important event even in Berlin, and owing to their size are required to be held in the largest meeting place that can be procured. The attendance sometimes reaches ten thousand, the members coming from every district of Germany, all enthusiastic for the cause. This large body of agriculturists meeting together for the benefit of their calling is in itself an inspiration in the propaganda of improved farming.

The growth of the *Bund der Landwirte* has been the wonder of students of political economy. As early as the annual meeting of 1894, the membership had reached 178,939, and it has grown continuously, until, in 1910, it was 316,000, and is still increasing. Included in the membership are many tens of thousands of small agriculturists who also carry on a handicraft or trade, and artisans and tradespeople who follow agriculture as a secondary calling. The value of woman's assistance in the movement was early recognized, and provision made for the participation of the wives and daughters of the members, at the meetings. The coöperative branch of the organization has likewise increased steadily. At the annual meeting held in 1898, there were in operation twenty-two coöperative savings and loan banks, fifteen coöperative stores, and thirty-nine organizations for the disposal of farm products. In January, 1913, a total of 380 coöperative associations was in operation. The Central Coöperative Credit Association was particularly successful, the turnover for 1902 being 112,000,000 marks, which in 1907, had risen to 178,000,000 marks. In 1912 it was 322,-

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000,000 marks. The success of the *Bund der Landwirte* is entirely the result of capable business management and well-directed agitation. Its business methods have been superb. Whenever it ventured into a branch of agricultural, mercantile, or banking life, it secured the best experts procurable to devise the necessary plans and attend to their execution. When, on December 21, 1892, Herr Ruprecht directed the attention of the farmers of Germany to the fact that they must organize, he declared with all the emphasis he was capable of:

We must agitate! . . . We must so agitate that the entire nation may hear! We must so agitate that our words will penetrate into the halls of Parliament and of the Ministry! We must so agitate that our words may become audible even on the steps of the throne!¹

The campaign of agitation has been carried on largely through public meetings. In 1912, 13,252 meetings were held in widely separated places all over Germany. The organization has in its employ a corps of speakers who have been trained in the agrarian lore in a

¹ Zum 18. Februar, 1903, *Zehn Jahre wirtschaftspolitischen Kampfes*, Berlin, 1903, pp. 14-15.

speakers' school maintained by it, at the head of which is one of its most capable members. It has also established a public press which is well edited and exerts a wide influence. Its principal organ is the *Deutsche Tageszeitung*, published in Berlin, which soon after its appearance in September, 1894, attained a daily circulation of 42,000 copies, and has since become one of the leading newspapers of Germany. Many other large daily newspapers advocate its doctrines. It publishes a monthly journal which is said to have a circulation of 246,000 copies. A number of its weekly papers publish editions ranging from 12,000 to 24,000 copies.

In its upward course, the *Bund der Landwirte* jostled roughly against many men and many interests, and powerful enemies have sprung up on all sides. Confining the membership to adherents of the Christian religion, to the exclusion of that element of the population which by its power of initiative and energy in execution has contributed so largely to Germany's present industrial and commercial eminence, has created a feeling of bitter resentment in the minds of the persons mainly affected. Subsidized by those in

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opposition, an antagonistic literature has come into existence. In these writings the organization is pictured as composed of aristocrats, because a number of noblemen who are large land owners are enrolled in its membership, and who, by force of character as much as by reason of social position, have been enabled to take a leading part in the management. The truth is that, in 1907, only one half of one per cent. of the members were large proprietors, and 14.5 per cent. were the owners and tenants of medium-sized estates, while 85 per cent. were the owners of small farms. The leaders are also said to be demagogues who are deceiving the people with misleading statements.

The *Bund der Landwirte* has no literary support save that which is supplied by its own force of writers, who, however, are quite capable of upholding their side. Foreigners have, perhaps unconsciously, imbibed the views which those opposed to the *Bund der Landwirte* in Germany have so extensively disseminated. The exasperating tone often employed by the Agrarian press when advocating measures in the interest of German agriculture may have helped to create this

prejudice. William Harbutt Dawson, the English writer,¹ can see no good in the movement; and Wolf von Schierbrand, writing from an American standpoint, observes nothing but the injury which the Agrarians have done to American commerce by the tariff and meat inspection laws which they were instrumental in having enacted.²

Philosophic writers in all countries realize the value of political action by the farmers themselves in bringing about better conditions in agriculture. All are impressed with what has been done by this means in Germany. J. Ellis Barker,³ an English writer, in comparing the recent progress in German agriculture with the decline of English farming, frankly tells the British farmers that, in order to bring English farming back to the same relative position with Germany that it formerly held, they must work together in an effort to influence legislation. He says:

¹ "The German Agrarian Movement," William Harbutt Dawson, *The Contemporary Review*, London, January, 1905, pp. 65-76.

² *Germany*, Wolf von Schierbrand, New York, 1902, p. 299.

³ *Modern Germany*, J. Ellis Barker, London, 1909, pp. 404-405.

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Before all, the powerful agricultural interest must strive to gain power by combination. It must form a solid phalanx, and must assert its claims with energy in Parliament and before the local authorities, which only too often tax and worry agriculturists out of existence. If the agricultural interest remains politically formless, shapeless, voiceless, inert, it will continue neglected. If it is united in mind and united in purpose, the great political leader will be forthcoming who will make the cause of agriculture his own, and who is prepared to create conditions which will make our rural industries powerful and prosperous.

To the American farmer the achievements of the *Bund der Landwirte* should be a shining example of what may be done by an organization of farmers to improve the status of agriculture. Its history and methods of organization, and its work, merit the most careful investigation. Once the American farmers are imbued with the spirit of the German Agrarians, the questions of "Why not organize?"—"Why not begin a campaign of agitation for an adjustment between agriculture and industry?" will appear superfluous.

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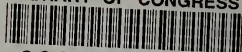
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